FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,335 | Friday June 1 1984 | D 8523 B

Japan's financial straitjacket eased, Page 18

NEWS SUMMARY

GENERAL

Glimmer of hope in UK coal strike

The first signs of a possible settlement in Britain's 3-month-old coal dispute began to emerge yesterday after secret talks between the National Coal Board (NCB) and the National Union of Mineworkers (NUM).

The talks lasted for about two hours and both sides agreed to hold more talks, probably next week. Mr Peter Heathfield, general secretary of the NUM, said afterwards he was optimistic, but there was still a long way to go.

He described the meeting with the board as being "tense but cordial." Page 9

Kuwait missile plea

Kuwait has asked the U.S. to provide it with Stinger missiles to help to fight off Iranian air attacks.

Death toll rises

Deaths as a result of riots in south western India have increased to 258, while further attacks by Sikh extremist in the Punjab have left at least 10 dead.

Iraqi pipeline plan

The U.S. is prepared to help to finance an 860km pipeline to keep Iraqi oil exports flowing ABC television said.

Dutch cruise 'delay'

The Dutch Government is considering delaying to 1988 any deployment of cruise missiles in the Netherlands instead of meeting the 1986 date planned by Nato.

Nigerian verdict

A former Nigerian state governor was yesterday sentenced to 22 years' imprisonment for corruption in the first verdict to be passed by the new military Government's anti-corruption tribunals.

Big nuclear test

U.S. carried out a major nuclear test 600 metres below the ground in Nevada. No problems were reported.

Ferries threatened

Further disruption to British ferry services was threatened last night at the end of a 48-hour strike in protest at UK government plans to privatise Sealink UK.

Nicaragua bombing

Five people including a U.S. journalist were killed and several injured when a bomb exploded during a press conference given by anti-government rebels in Nicaragua.

Leyland sit-in ends

Workers at the Leyland trucks factory at Bathgate, Scotland, called off a sit-in at the plant in protest at closure plans. Page 10

UN chief's tour

UN Secretary General Javier Perez de Cuellar will start his first Middle East tour next week.

Bigger harvests

World output of wheat, coarse grain and rice this year should be 8 per cent above 1983 levels, with an expected total output of about 1,765m tonnes, the UN Food and Agriculture Organisation said.

Haughey call

Irish opposition leader Charles Haughey called on U.S. President Ronald Reagan to endorse the idea of a British-Irish conference on Northern Ireland when he addresses the Republic's parliament on Monday.

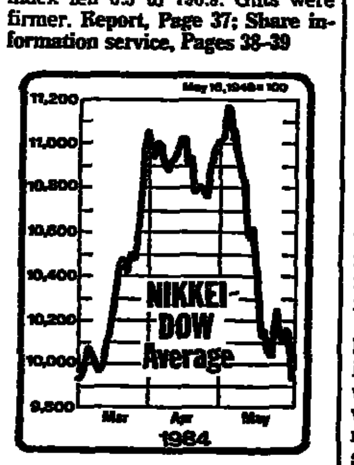
BUSINESS

UK bank rates under pressure

BRITISH BANKS face pressure to raise lending charges within the next few days after a jump in money market interest rates. Page 2

WALL STREET: The Dow Jones industrial average closed up 2.26 at 1,104.85. Report Page 33; Share prices, Pages 34-36, 42

LONDON: FT Industrial Ordinary index fell 6.5 to 796.9. Gilts were firmer. Report, Page 37; Share information service, Pages 38-39



TOKYO Stock Exchange selling wave pushed the Nikkei-Dow Market average down 200.83 to 9,940-its ninth biggest drop ever and its lowest level since March 9. Page 33; Leading Prices, Page 36

DOLLAR fell slightly in quiet London trading to DM 2.732 (DM 2.734), FFr 8.3875 (FFr 8.3975) and SwFr 2.26 (SwFr 2.2615), but improved to Y231.55 (Y231.5). On Bank of England figures, its trade-weighted index was unchanged at 131.0. In New York it was DM 2.72, FFr 8.35, SwFr 2.25, Y231.40. Page 43

STERLING rose 5 points in London to $1.3855. It also improved to Y321.0 (Y320.75) but eased to DM 3.7875 (DM 3.79), FFr 11.62 (FFr 11.6275) and SwFr 3.1325 (SwFr 3.135). Its trade-weighted index improved to 79.6 from 79.5. In New York it was $1.38. Page 43

GOLD fell 75 cents in London to $384.75. Bullion centres in Frankfurt and Zurich were closed for Ascension Day. Page 43

In New York, the Comex June settlement was $386.80

EXTREMELY heavy selling by foreigners of Japanese shares contributed to an almost unprecedented large net capital outflow from Japan last month, the Ministry of Finance reported. Meanwhile, April's balance of payments figures again set a monthly record surplus. Page 5.

PRESIDENT Ronald Reagan nominated Martha Seger, a conservative economics professor and former Michigan state banking commissioner to the powerful U.S. Federal Reserve Board of Governors.

U.S. MONEY SUPPLY: M1 rose $3.3bn to $544.3bn in the week ended May 21 1984.

ATARI, the home computer subsidiary of Warner Communications, is making half of its 2,000 employees in California redundant as a prelude to "major restructuring." Atari employed 7,000 workers in the state as recently as 18 months ago.

GRUNDIG, the West German audio-video concern, is to continue making the V-2000 video cassette recorder, despite its decision also to manufacture the rival VHS model.

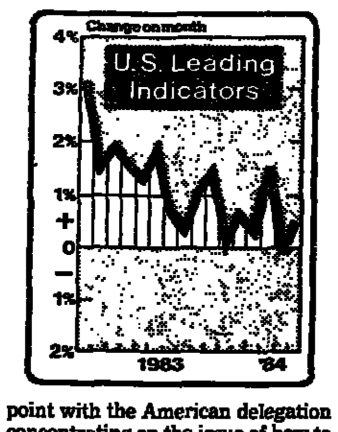
The editorial content of today's international edition has been restricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. over-the-counter and Canadian share prices.

Growth in U.S. economy 'at sustainable pace'

BY PAUL TAYLOR IN NEW YORK

THE U.S. composite index of leading economic indicators, designed to forecast cyclical turning points for the domestic economy, turned upward again in April with an increase of 0.5 per cent, the Commerce Department reported yesterday. This followed a revised March figure which showed a far more muted 0.1 per cent decline than previously believed.

Administration officials hailed the figures as evidence of a healthy election-year economic expansion, but at a more subdued and sustainable pace.



Previously the department had estimated the decline in March – the first in 19 months – at 1.1 per cent, although most Administraiton and private economists suggested the figure might have been distorted by unusually bad weather that month and had been expecting a major revision. New data on borrowing was believed to account for much of the change.

Yesterday's figures are likely to have particular significance, coming shortly before next week's world economic summit in London where the strength of the U.S. economic expansion – and its repercussions – will be a central talking point with the American delegation concentrating on the issue of how to sustain and spread the U.S. economic expansion.

Mr Larry Speakes, the White House spokesman, said the figures showed that "the economic expansion continues," and: "This is an important prospect as the summit countries consider the status of the world economic recovery and the opportunities ahead."

The April increase in the index, coupled with the now nominal decline in March, was seen as suggesting that the pace of economic expansion in the U.S. remains strong but hinting at a possible slowing in the hitherto torrid pace of expansion, perhaps later this year.

This theme was also stressed yesterday by Mr Malcolm Baldrige, Commerce Secretary, who said the latest figures indicate that "less robust economic growth lies ahead."

Mr Baldrige, who last month was one of the first to dismiss suggestions that the preliminar March index suggested a serious slowdown in the economy, added: "After a year and a half of vigorous rebound, smaller gains in the index of leasing indicators and many other economic statistics are a normal development, signalling a more moderate, sustainable growth period."

Private sector economists, who had generally been expecting a 0.7 per cent increase last month, agreed yesterday that the April figures suggested a steadily expanding economy with the possibility of slowdown perhaps in the third or fourth-quarter. However, there re-

Reagan sets off to win European acclaim, Page 3; Rates should not go much higher, Page 19

Continued on Page 20

Nato ministers reaffirm strategy on Moscow

BY BRIDGET BLOOM IN WASHINGTON

NATO FOREIGN Ministers have reaffirmed that their political strategy in dealing with the Soviet Union must be based on defence and dialogue – a strategy which Nato initiated 17 years ago.

At the end of their three-day meeting in Washington, the ministers issued a special document which declared that the most appropriate long-term policies for the Alliance were the "maintenance of adequate military strength and political solidarity and on that basis the pursuit of a more stable relationship between the countries of East and West through dialogue and co-operation."

The wording of the four-page document closely follows that of the Harmel Report, the guiding document for Nato political strategy which was promulgated in 1967.

Today's statement, based on a "special review of East-West relations commissioned by the ministers last December, has been provoked by the sharp deterioration in East-West relations over the past six months in particular. This in turn exacerbated differences between the U.S. and its European allies over the degree to which the Alliance should attempt to improve its political relationships with the Warsaw Pact.

Yesterday U.S. and European ministers both emphasised the unanimity and political cohesion of the Alliance in reaffirming the Harmel principle. The new statement contains its own harsh words on Warsaw Pact behaviour as well as holding out an olive branch. The statement speaks, for example, of the "relentless campaign by the Soviet Union, to breach Alliance solidarity" and exploit apparent weakness in Alliance positions.

On the other hand, the Washington statement speaks of Nato's determination "to build on areas of common interest towards a more constructive dialogue and co-operation with a view to achieving genuine detente."

Differences remain between the U.S. and its allies, although these barely surfaced in public yesterday. U.S. officials were at pains to emphasise that the U.S. was not insisting on the primacy of Nato's defence function in Alliance strategy – merely on getting defence and dia-

Continued on Page 20

Lear Fan to lay off most staff after delays with new aircraft

BY OUR BELFAST CORRESPONDENT

LEAR FAN, the UK Government-backed company which plans to produce a revolutionary design of aircraft in Northern Ireland, is to lay off almost all of its 380 employees indefinitely.

The British Government has committed nearly £52m ($72m) to the project since its inception in Northern Ireland in 1980.

Yesterday, Mr Bob Burch, the U.S.-based chairman, told employees that lay-offs were necessary from July 1 because of continuing delays in the attempt to win a vital airworthiness certificate for the carbon fibre, eight to 10-seater jet aircraft, from the U.S. Federal Aviation Administration.

He told a news conference that only 20 or 30 key workers would be kept on. He could give no definite date for taking back employees but hoped it would be later this year if the project remained on schedule for certification by February 15 next.

Mr Adam Butler, Minister of State responsible for Industry in Northern Ireland, said the decision was regretable, but it was the right one, if certification was to be achieved.

The Government had always recognised that the aircraft might not get certification, he said. It was a high risk project but it had great potential, which the private investors had recognised by their commitment.

Mr Burch, who was appointed chairman in 1982 by the Saudi Arabian consortium which took over the project, said $23m remained from the $90m of development funds set aside for the project for this year.

He said: "Engineers tell me we are 90-95 per cent complete as far as certification is concerned. I would like to believe that, but I do not think I will express an opinion. The organisation that I have tells me we are going to make it. I have no reason to doubt that and I am optimistic about the project."

Mr Burch said that the investors are funding the project on a 30-day basis when it continues to make sense. If it ever looks like a clear failure we will quit."

The company was committed to production in Northern Ireland mainly because it had nowhere else to go, but he could give no guarantees about the future.

The Saudi-led consortium rescued the original company from near receivership, providing $60m of fresh capital. The British Government committed $30m of grants and loans, as well as extending an existing guarantee for a $15m bank loan.

In January this year the company made 91 workers redundant as the delays lengthened. It later went on to a three-day, then a two-day week.

The aircraft has hit several snags during tests on prototypes at Reno, Nevada. Structural failures meant that parts of the wings and fuselage had to be redesigned.

Many Lear Fan workers said yesterday they were confused and angry about the company's plans

Bank chief says Italy needs economic restraint

By Our Rome Correspondent

ITALY needs a sustained period during which public spending would rise by less than the rate of economic growth, and the effect of taxation by more. This remedy for the country's economic woes was proposed in Rome yesterday by Dr Carlo Azeglio Ciampi, governor of the Bank of Italy.

He identified the lack of control of public spending as the most serious problem the economy faces. "There is no mysterious canker affecting the Italian economy," he said.

Presenting the central bank's annual report, he acknowledged that the economic upturn had begun in Italy, mainly due to the growth of exports, but complained that inflation (currently running at 11 per cent a year) was falling too slowly to suggest that "the long period of inflation which began in the 1970s had ended."

There could be no "stable and lasting growth" and no solution to the serious problem of unemployment (amounting to 12 per cent of the labour force, taking into account workers on state subsidised lay-offs) unless inflation was sharply reduced, he said.

Dr Ciampi did not directly criticise the government of Sig Bettino Craxi, which is committed to holding down the public sector borrowing requirement this year and in trying to cut wage indexation. He said nothing that suggested he was satisfied with what the government was doing, however.

He pointed out that projections for the 1984-88 period showed that even if inflation fell, growth continued, fiscal pressure increased and real rates of interest remained stable, Italy's public sector deficit would continue to account for its present very high proportion of gross domestic product (GDP) and accumulated debt would come to exceed GDP.

What was needed, he said, was a period during which the growth of public spending would be kept 2 per cent below that of GDP, and that of taxation, 3 per cent above. Only then would the deficit decline as a proportion of GDP and the burden of debt diminish.

Last year the public sector deficit amounted to 16.5 per cent of GDP, far above the level of other industrial countries. Domestic public sector debt rose by 25 per cent a year in the past four years, Dr Ciampi said, and now amounted to 80 per cent of all financial assets.

IBM in new bid to solve EEC dispute

BY GUY DE JONQUIERES IN LONDON

IBM of the U.S., the world's largest computer manufacturer, has made new proposals to the European Commission for a negotiated settlement of the EEC competition case against it.

Mr John Opel, IBM chairman, said in London yesterday he expected the latest proposals to satisfy the Commission's requirements. But he also attacked the EEC case as based on "deceptively simple assertions that have no basis in reality" and indicated that IBM was still refusing some major concessions sought by the Commission.

Commission officials in Brussels said IBM had moved closer to their position than had seemed likely two months ago. But it had still not moved far enough and they were continuing to prepare a legal decision against it.

The Commission, which last month rejected a previous set of settlement proposals from IBM, has yet to respond formally to the company's latest initiative, which was made last Friday. But a reply is expected soon.

Mr Frans Andriessen, the commissioner for competition policy, wants to end the case this summer, preferably before the end of July.

Mr Opel indicated yesterday that the delay in resolving the case was holding up ambitious plans for IBM's business expansion and the development of new technology in Western Europe, where it is by far the biggest supplier of computer equipment.

He emphasised, however, that IBM could not accept Commission demands that when it announced its new products it should publish technical information which would help its competitors design rival equipment. At present, IBM publishes product "interface" information only when its equipment is first shipped to customers.

Those demands have been central to the Commission's case, which alleges that IBM's existing policy on publishing information constitutes an abuse of a dominant market position.

Mr Opel said, however, the Commission was trying to force IBM to disclose proprietary design information of the kind which Hitachi, one of Japan's leading computer manufacturers, had recently been found guilty of stealing from his company.

Mr Opel rejected as unworkable a Commission proposal to safeguard IBM's investment in research and development if it provided more information about its products. He also denied that the company refused to let competitors connect equipment to its products.

He emphasised that the Commission was attempting to impose changes on IBM's practices worldwide.

Phibro-Salomon abandons sell-off

BY TERRY DODSWORTH IN NEW YORK

PHIBRO-SALOMON, the New York commodities and investment banking group, abruptly called off talks yesterday on the sale of its large international non-petroleum commodity trading division to a management buyout group.

The decision, given in a terse five-line announcement, stunned the New York markets, which had been equally taken off guard by the original disclosure of the discussions just over a week ago.

Since then, Phibro's shares have taken a battering, falling from $28¾ to $22⅞, a far greater decline than the market as a whole over the same period.

The proposed sale of the commodity trading activities would have partly reversed Phibro's 1981 purchase of Salomon Brothers for $554m and would have created one of the most powerful independent companies of its kind.

No explanation for the talks was given at the time and the company resolutely refused further explanations yesterday. "Everyone is back to running the business," said a source close to the company.

The initial indication, however, is that the group may have found larger practical obstacles to the disposal than it originally thought likely.

According to one analyst, a study conducted with the help of the Lazard Freres investment bank discovered problems in the legal and tax areas and questions about the way in which the commodity trading would be divided.

The present group was to have kept the petroleum trading business and it was felt there would be a loss of synergy, said the analyst.

CONTENTS

EUROPEAN ELECTION

THE CANDIDATE IN CUSTODY

TV star seeks votes for liberty in Italy

BY ALAN FRIEDMAN IN MILAN

SIG ENZO TORTORA must be the only candidate in the European election who refuses to talk about European politics. Yet, he may well be the most popular candidate for Strasbourg in the whole of Italy.

Living under house arrest in his Milan apartment, Sig Tortora, a recently-named candidate for the left-wing Radical Party, does not need to discuss political issues. He is one.

Until a year ago, Sig Tortora was the host of one of Italy's most popular television shows—an Italian version of Michael Parkinson. Then—in the small hours of June 17 1983—he was arrested on charges of being associated with the Camorra, the Neapolitan Mafia. The charges, which relate to alleged drug-dealing, he has denied consistently.

If elected to the European parliament on June 17 (the election date is, ironically, the first anniversary of his arrest), Sig Tortora will, under Italian law, be released from custody. Following an illness, he was moved in January from a prison in Naples to his home just a few paces away from Milan Cathedral.

From his comfortable sitting room, which is wired up for his daily broadcasts on Radio Radicale and his thrice-weekly television show on a Lombardy station, Sig Tortora is campaigning to draw attention to the plight of himself and 20,000 others in Italy who can expect to remain in custody for several years before they ar brought to trial.

Sitting in an overstuffed armchair, clad in blue jeans and a jumper, the middle-aged Sig Tortora does not look like a politician. Nor does he sound like one when asked to discuss the issues in the European election: "Don't talk to me about Belgian cheese and the price of string beans. "I don't want to talk about Dutch milk. I want to talk about the rights of man."

His voice assertive and with the measured cadence of the television presenter he once was, Sig Tortora sets out his case: "Italy is a country which does not respect the dignity of the individual. We have no habeas corpus here. I know of one man who waited more than 11 years to come to trial. That is a monstrosity. That is medieval. That is barbarous."

But is a candidacy in the European election the best way to battle the Italian legal system? "This is a unique campaign," thunders Sig Tortora. "This is about a scandal in a disgusting country."

Many in Italy would agree with him that the protective custody system is flawed, but not many agree with his use of the European election as a publicity vehicle and possible means to secure immunity from prosecution. The memory of another famous Radical Party candidate—Professor Toni Negri—does not help matters.

Prof Negri was elected in the general election here last year as a Radical candidate, after having waited four years in jail on terrorism charges. But, last autumn, he used his parliamentary immunity and fled to France. He has refused to return and stand trial, or to help the Radicals to campaign against preventive custody.

Sig Tortora says he would never use his parliamentary office to escape from justice. "I would rather commit suicide than flee," he announces. As proof of his goodwill he walks across the room and opens the front door to his flat, gesturing at the floor. "This is as far as I can go right now. I have not gone one inch farther."

If elected this month—and there is a good chance he will be—Sig Tortora will go to Strasbourg as a member of parliament, he says. But he still refuses to discuss the European issues of the day, preferring to stick to his own cause.

As for his life beyond the election, Sig Tortora sighs like an actor and says: "My life has changed now, but the third act has not yet been written."

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Attack on 'narrow nationalism'

By Margaret van Hattem

MR DAVID HOWELL, Britain's former Transport Secretary, yesterday attacked the narrow nationalism of government leaders fighting the election—including that of his own leader.

Referring indirectly to the Tory campaign slogan, "A Strong Voice in Europe," he said: "I would have been glad to hear much less during the campaign about strong voices and getting fair shares and much more about the urgent need to revitalise private sectors throughout Europe, so as to give our continent the strength it will need in face of ferocious world competition."

Speaking in Athens, he said: "The whole emphasis should be on deregulation and on freeing the movement of capital and goods in the Community.

"That is a task requiring not nationalist drum-beating but the most far-sighted co-operation between European statesmen of a kind we are simply not seeing at present."

The present "grab what you can" approach was unlikely to win votes. Instead, European leaders should put all their weight behind market reforms in Europe and should "spend less time attacking each other over trivial issues based on obsessive short-term local self-interest."

By contrast, Mr Christopher Tugendhat, vice president of the European Commission, commended the British Government's record in restoring Britain's self-respect. Speaking in London, he said: "Under this Conservative Government, Britain has been restored to her rightful position at the European top table."

Mr John Selwyn Gummer, the Conservative Party chairman, attacked Labour's claim that the Government intended to introduce VAT on food as "sheer, cold-blooded dishonesty."

While Socialist MEPs had last year proposed the phasing out of zero-VAT rating on essential products such as food, he said, Tory MEPs were committed to fighting the proposals all the way.

"What Labour's untruths and scares cannot disguise is that their own record on food prices was a national scandal."

Denmark debates withdrawal: Highland and Islands feel far removed

Danes weigh benefits of membership

DENMARK, an important exporter of farm produce, has probably benefited more financially from its membership of the EEC than any other country. Nevertheless, the possibility of its withdrawal from the Community is a focal point of the election campaign.

This is not how the majority of the country's politicians want it. Parties controlling 149 of the 172 seats in the Folketing (Parliament) are committed to continuing Danish membership. They are trying to fight the election on how the Community should develop, not on whether Denmark should still belong.

The problem is that a cavernous gap exists between the views of this Folketing majority and public opinion. A recent opinion poll indicated that 50 per cent of Danes would vote against and only 33.7 per cent *for Denmark's membership, if* there was another referendum today. That would reverse the two-to-one majority in favour of membership scored in the 1972 referendum.

The gap is being exploited by the People's Movement Against the EEC which hopes to repeat its success in the 1979 European election. Then, the Movement and the parties with which it has electoral alliances took 21 per cent of the vote and four of Denmark's 16 seats in the European Parliament.

Altogether, anti-EEC parties won a total of 29.2 per cent of the vote. This is almost double the share they can expect in domestic elections in which the People's Movement does not participate.

Founded to fight Denmark's membership in 1972, it has no parallel in other member countries and its success in 1979 has kept the issue open. It includes members of all shades of opinion and has among its candidates supporters of all the main political parties. But it has strong left-wing leanings *and its organisational strength* owes a great deal to the energy of the members of the small but active Danish Communist Party.

Mrs Else Hammerich, the 47-year-old training college lecturer and MEP since 1979 who again tops the Movement's list of candidates, believes that the difference between the politicians and public opinion makes it realistic to hope that a new referendum on membership will eventually have to be held.

"If you take the Social Democrats, only 24 per cent of their voters support membership, and even among Conservative voters there is now a majority against," she claimed, citing the opinion poll evidence. "The politicians cannot live with this situation for ever. They will have to clear the air with a new referendum."

This view is rejected out of hand by the parties committed to Denmark's membership. They say that the membership issue was decided once and for all in 1972.

The point was emphasised by Mr Ejnar Hovgaard Christensen, secretary to the Social Democratic Party and candidate in this election. "The membership issue is not on the agenda," he said, "either for the party as such or for the country."

The Social Democrats suffered particularly heavily at the hands of the People's Movement in 1979. They polled only 21.9 per cent of the vote, which gave them three seats, compared to 37.1 per cent in the preceding general election.

One of the key points of interest in this year's election, therefore, is whether the Social Democrats can stage a comeback. Mr Christensen is optimistic. The party has made a major effort to mount an effective campaign, he said. Also, the Social Democrats were in government in 1979 which cramped their campaign style.

With a non-Socialist administration in office today, the party is using the European election as an opportunity to demonstrate its abhorrence of the bourgeois government. Mr Christensen believes that this will persuade many of those who deserted the party in 1979 to switch back to their old allegiance.

The general lack of public interest in the election makes it difficult to judge whether he is being realistic. Candidates who try to hold public meetings often face an audience of only 10 or 20 people and the campaign is therefore being conducted almost entirely through the parties' radio and television broadcasts and newspaper advertising.

Why are the Danes so negative towards the Community? Almost everyone one asked lists the same points: the perceived inability of the EEC to tackle unemployment: the belief that Norway and Sweden, which opted not to join, have done well by this choice; the bad image which haggling in Brussels over agriculture, fisheries, and the budget, gives the EEC; and irritation that Denmark cannot set its own standards on such matters as food additives. Against these factors, sympathy for the farmers plays little role.

Hilary Barnes

Practical politics on Europe's outer edge

THE EUROPEAN parliament's largest constituency, the Highlands and Islands of Scotland, has Britain's smallest electorate.

A few more than 380,000 people are scattered over a vast, magnificent sprawl of mountains and islands covering half of Scotland, or about one sixth of the UK's land area. To travel the 450 miles from Campbelltown in the south-west to Shetland in the north can cost a candidate £120 for an air ticket.

Politics on this outer edge of Europe, practical issues of fishing and farming—the constituencies has the highest proportion of workers in these industries in the UK—and such disadvantages of the periphery as the cost of transport. However, the presence of two of Scotland's more seasoned politicians, conducting a highly civilised battle notably free of acrimony, has tended to make this more of a personality contest.

Unlike the seven other Scottish seats, UK political trends are not so easily applied in the Highlands and Islands, where independents rather than party activists run most of the local councils. Although Scotland has received more than 26 per cent of the EEC's various grants and loans to the UK, Brussels and Strasbourg can still seem a long way away.

"You really feel so far removed from European developments," said one Orcadian. "The farmers here in Orkney are not a very political lot," said a woman in Rousay. "They tend to vote for the face they know."

That would be good news for Mrs Winnie Ewing, a veteran campaigner for the Scottish *National Party and its only* European member, who seeks re-election. She faces a serious threat in the form of Mr Russell Johnston, a Liberal member of the Alliance and the Westminster MP for Inverness, Nairn and Lochaber.

"They know Russell and me. They don't know the others," Mrs Ewing said. "It's better the devil you know."

Mrs Ewing, twice a Nationalist MP at Westminster, defeated Mr Johnston in the 1979 European elections by 3,882 votes. But, since then, she failed in her attempt to take Orkney and Shetland away from the Alliance in the General Election, coming third behind a Conservative.

Mr Johnston, like Mrs Ewing, has needed some convincing that a politician should not hold down both jobs. But the alliance leadership has felt otherwise and, this year, pressed him to make his mind up as to which parliament he favoured. "So I have given a firm commitment to give up my Westminster seat within the year, if I am elected to Strasbourg," Mr Johnston says.

Mrs Ewing has been distributing yellow plastic "Winnie for Europe" shopping bags to voters as she hops about her huge parish by small aircraft. The only sign of Mrs Ewing's party affiliation is the yellow of the bag and her lapel badges.

Mrs Ewing is something of an eccentric among the nationalists, whom she joined in 1946. She has rejected attempts to take the SNP radically to the Left and shared little of her party's past scepticism of the European Community. Instead, the 55-year-old Glasgow lawyer has become one of the European Parliament's more active members, serving on its legal and regional committees, as a spokeswoman on fishing and as vice-chairperson of the European Progressive Democrats, who have 22 of the 434 seats at Strasbourg.

But Scottish Nationalists are on thin ice in the far north of Britain, where Orkney and Shetland have autonomy movements of their own and do not necessarily see themselves as Scots or opt to benefit through devolution for Scotland. Only in the Western Isles, which sends one of the two SNP members to Westminster, and in parts of the Highlands, are there important reserves of nationalist support.

In the north, she has been aiming her campaign at the fishermen who feel a mixture of relief over the final emergence of a common fisheries policy from Brussels and deep misgivings over its impact on the traditional priorities for local fishermen in the Shetland box—a special fishing zone which covers most of the waters off the northern isles.

Mr Johnston has found the fishermen unhappy—"but they are aware that a deal has been struck and there is some value in a Community approach."

Mr David Webster, for the Conservatives in the Highlands and Islands, wants an agricultural development programme for the whole of the Highlands, similar to a government aid scheme introduced to the Western Isles. "Creating jobs in this part of the world is vastly cheaper than in the south," he said.

Ewing: "face they knew"

Rev John McArthur for Labour, is a Church of Scotland minister and member of the Highland Regional Council. A Gaelic speaker, he stresses the importance of language in the development of the Western Highlands in such areas as Skye and the Western Isles.

Mark Meredith

DIVIDED FREE DEMOCRATS BEGIN KEY CONGRESS

FDP hopes to revive fortunes

BY RUPERT CORNWELL IN BONN

THE FLOUNDERING West German Free Democrats (FDP) today embark upon a vital congress whose main immediate purpose will be to restore a degree of spirit to the party ahead of the European Parliament election in a fortnight.

The three-day gathering in Münster could hardly find the party in more precarious shape. The authority of its leader and driving force for ten years, Herr Hans Dietrich Genscher, the Foreign Minister, is seriously undermined. The party is divided on strategy and its electoral strength ebbing.

At the previous European election in 1979, the FDP won 6 per cent of the vote, and four seats in Strasbourg, and managed to improve this showing to 6.9 per cent at last year's general election.

But its performance at recent local elections as well as opinion polls suggest it could well not clear the 5 per cent hurdle on June 17 required for the party to be represented in the next Strasbourg parliament. A defeat of this scale would jeopardise its prospects at key State elections in 1985, and indeed its longer term position in the centre-right ruling coalition in Bonn.

With his surprise announcement last weekend that he does not plan to lead the FDP into the next national elections, Herr Genscher appears to have deflected the threat of a direct challenge to his position in Münster.

Every sign is that whatever its misgivings about his leadership, the party will re-elect him by a comfortable majority for a further two-year term. Only in 1986 would the younger successor ostensibly desired by Herr Genscher take over.

Even so, the causes of the malaise remain – and will be painfully picked and argued over during the next three days.

Most fundamental of them is the persisting division within the FDP over its switch of alliance in 1982, which provoked the downfall of Chancellor Helmut Schmidt and the return to power after 13 years of a Christian Democrat-led government in Bonn.

Herr Genscher's own prestige has been undermined by an evidently less successful foreign policy, and most lately by his failure to read the party's mood on the amnesty on illegal party political contributors, vainly proposed last month by the ruling coalition.

Having at first agreed to the scheme, he was obliged by mutiny in the rank-and-file to change his mind. The draft Bill was humiliatingly withdrawn at much cost to Herr Genscher's reputation for political astuteness and reliability as an ally.

Irish deploy missiles for U.S. visitor

By Brendan Keenan in Dublin

THE IRISH opposition leader, Mr Charles Haughey, wants President Ronald Reagan, who arrives here today, to endorse the idea of a constitutional conference on Northern Ireland involving Britain and the Republic.

The Irish people would not be satisfied with vague sentiments when the President addresses the joint session of the Irish Parliament on Monday, he claims.

The controversial four-day visit has stretched the Irish authorities to the full, in mounting the massive security operation. Precautions include the temporary placing of a line of semi-mature trees and shrubs on the rear lawn of the Parliament building to screen against possible sniper attacks.

The army will deploy surface-to-air missiles in case anyone threatens the presidential safety from the air.

All police leave has been cancelled and officers normally on administrative duty will be patrolling crowds and traffic. Hundreds of troops will be used

It is not thought that Mr Reagan will be in any particular danger, but a considerable protest movement has built up.

Reagan sets off to win European acclaim and impress home voters

Reginald Dale, U.S. Editor in Washington, previews the American President's European tour.

PRESIDENT Ronald Reagan leaves today for a 10-day, three-nation visit to Europe, of which the official theme is "preserving peace and prosperity." If that sounds vaguely like a campaign slogan, well, it is election year in the U.S.

Mr Reagan's trip will include some serious business, at the June 7-9 Western economic summit in London. But much of the rest of his schedule has been skilfully shaped by the White House to give him maximum exposure to American voters in the role of a sympathetic and warm-hearted world leader—above the fray of domestic political rivalry.

His itinerary starts tonight in Ireland, where the highlight of his three-day visit will be a pilgrimage to Ballyporeen, County Tipperary, once the home of a family variously known as Reagan, Regan and Regan, the President's direct 19th century ancestors.

Mr Reagan will inspect the parish records, meet the local priest, Father Murphy, and visit the newly re-named Ronald Reagan lounge at O'Farrell's pub. But the White House stresses that the trip to Ireland is not purely "sentimental," nor simply intended to appeal to the estimated 40m Americans who trace their roots to the emerald isle.

U.S. officials say the visit is particularly opportune, in that Ireland is about to take over the presidency of the European Community—and Mr Reagan is also to make a major address to the Irish Parliament on Monday.

The planned demonstrations against Mr Reagan's Central American and nuclear policies will not "embarrass" him, nor mar the success of the visit, the White House insists.

A potentially tricky subject will be Northern Ireland, particularly as Mr Reagan will be seeing plenty of Mrs Thatcher after his arrival in London on Monday afternoon.

But the official American line on Northern Ireland is non-interventionist and should not prove too objectionable to Mrs Thatcher.

From London, where he will spend six nights, Mr Reagan will take a day-trip to the Normandy beaches on June 6 for the elaborate ceremonies to commemorate the 40th anniversary of the D-Day landings. By a fortuitous stroke of timing, TV pictures of the event should appear on American screens at just the time when the news would otherwise be dominated by the results of the final crucial round of Democratic presidential primaries on June 5.

Here again, however, Mr Reagan is expected to strike a serious note, with a tribute to 40 years of peace in Europe, thanks to a strong Nato alliance and Western solidarity.

The theme of "preserving prosperity" will be uppermost at the London summit, where the U.S. delegation hopes to stress the success of the U.S. economic recovery in revitalising prospects for world growth.

The U.S. will also probably have some suggestions for its European partners on how to boost jobs and new industries through an American-style free market approach—

The Americans admit that the other countries will, quite rightly, have something to say about high-interest rates and the U.S. Budget deficit. But they do not expect a major clash at the summit between Mr Reagan and his allies.

The unwritten rule of summits, as one European official put it here this week, is for the other heads of government not to make it too hard for a member of the club facing re-election (a problem they all face sooner or later). In return the one facing the polls does not make it too hard for the others by overly blatant electioneering. Perish the thought.

UK urges blacklist of terrorist diplomats

BY TOM BURNS IN MADRID

MR LEON BRITTAN, the British Home Secretary, yesterday urged member countries of the Council of Europe to blacklist diplomats who have been expelled from foreign posts for involvement in terrorism.

Speaking at a meeting of justice ministers from the 21-nation of council, held here, Mr Brittan said the incidents at the Libyan Peoples' Bureau in London in April could have occurred "quite easily" in any of the countries represented at the meeting.

The Home Secretary said: "Individuals and groups which practise terrorism have been joined by a new and very dangerous terrorist phenomenon: the terrorist state."

He added that regimes were seeking to "achieve their ends through the elimination of their opponents, not just within but also outside their own frontiers, and doing so openly and with little fear of effective retaliation from host states within which the attacks take place."

Mr Brittan called for international solidarity in dealing with diplomats expelled on the grounds of unacceptable activities, which included involvement in terrorism. "It would be a useful step forward if we agreed that diplomats expelled from any one of the States represented here, on these grounds, should be regarded as unacceptable in any of the others," he said.

The Secretary also called for greater co-operation in the exchange of information about terrorist acts against the missions and interests of the Council of Europe countries.

His suggestions were limited terrorists and about threatened and practical ones, which formed part of a broad objective by the UK to counter international terrorism and the misuse of diplomatic immunity, he said. The UK had already begun to discuss the question with its European Community partners and Mrs Margaret Thatcher, the British Prime Minister, would raise it at the economic summit in June in London, he added.

Killing seen as warning on economy

By Diana Smith in Lisbon

THIS WEEK'S shooting of Sr Rogerio Canha e Sa, 63-year old former director of the bankrupt state-run fish processing company Gelmar, is causing concern in official circles.

Sr Canha e Sa was shot dead near his home outside Lisbon by three armed men who scattered communiques from the Forcas Populares 25 de Abril (FP-25), a militant urban guerrilla group claiming to defend the 1975 revolution.

In recent years six Portuguese entrepreneurs or landowners have been attacked by FP-25, and few arrests have been made.

For some time government officials have been worried by threats to public sector managers.

Sr Canha e Sa's killing seems to have been a retaliation for the closure late last year of Gelmar, a company seized by workers in 1975 and never able to find its feet thereafter, and the dismissal of more than 700 workers.

It also comes as a warning to public sector managers that drastic financial measures for state-run companies could draw retaliation.

Sr Mario Soares' coalition Government has approved the creation of an intelligence service, the first permitted since the Pide/DGS, the political police with sweeping, arbitrary powers, was abolished in 1974.

Sporadic acts of urban terrorism and last year's assassination in the Algarve of the moderate Palestinian leader, Mr Issam Sartawi, have convinced democratic parties that, whatever the scars of the past, Portugal needs sharper anti-terrorist and intelligence tools.

The Canha e Sa incident comes only a few weeks before the Government launches its mammoth economic restructuring programme.

Killings or no the authorities intend to put the programme into effect from June onwards.

Dutch unions welcome tax initiative

By Walter Ellis in Amsterdam

DUTCH trade union leaders have responded favourably to a government suggestion of reduced levels of income tax in 1985.

The hoped-for cuts, announced on Wednesday by Mr Onno Ruding, the Finance Minister, would be linked to wage demands and the move towards a 35-hour working week. The unions have said they are prepared to discuss a concerted approach to all three.

The FNV union federation and the smaller CNV have joined in welcoming the minister's initiative. Mr Wim Kok, outgoing head of the FNV, pointed out that, without lower taxes, it might be difficult to keep wage demands this year at the sort of modest level the government is seeking.

Important announcements about taxation plans are usually kept until September, when Queen Beatrix addresses the new session of parliament. Mr Ruding's advance notice of how his mind is moving on the tax question is an indication of the importance attached by the government to the forthcoming round of wage talks.

Botha to meet Swiss industry

Mr P. W. Botha, the South African Prime Minister, arrived in Geneva yesterday and was whisked away amid elaborate security to Montreux to visit the house in which his country's first president, Paul Kruger, died.

The unofficial visit is at the invitation of the Swiss-South African Association. M Pierre Aubert, the Swiss Foreign Minister, will not receive him, but today Mr Botha will be received by Mr Leon Schlumpf, the President of the Confederation. Also today, the association will hold a dinner at which he will meet an array of representatives of Swiss industrial companies

Police station beating trial opens in Warsaw

BY CHRISTOPHER BOBINSKI IN WARSAW

THE TRIAL opened in Warsaw yesterday of six men implicated in the case of Mr Grzegorz Przemyk, a 19-year-old who died after a beating at a Warsaw police station on May 12 last year.

The six include two policemen involved in the beating, the two ambulancemen who drove Mr Przemyk to the first-aid clinic and two doctors who are accused of having neglected to treat him properly.

Ever since Mr Przemyk died, from internal stomach wounds two days after the beating, the authorities have been under pressure to come up with the culprits. His funeral was attended by many thousands and a mass in his memory last month was said by a bishop with a similarly populous congregation. This showed the authorities that public interest in the case had not abated as they had hoped.

Mr Przemyk's grave has become a much-visited shrine and he has become something of a Solidarity martyr.

On the first day of the trial, during which the indictment was read to the court, Ms Sadowska, the mother of the victim, withdrew from the case as an auxilliary plaintiff. A letter to the presiding judge charged that the aim of the trial was not to "clarify but obscure the circumstances of the case. The whole country knows that people are beaten at police stations," the letter said. Ms Sadowska is a volunteer worker at the church's committee to aid political prisoners.

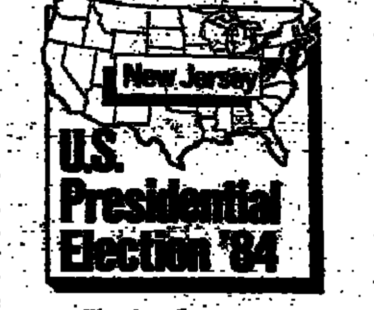
Ms Sadowska's representatives have had the right to participate since the investigation began. However, one of them — a lawyer, Mr Maciej Bednarkiewicz—has since found himself under arrest on charges of aiding and conspiring with a deserter from riot police units. He denies the charges.

The thrust of the indictment puts the main part of the blame for the death on the ambulancemen, who have admitted that they manhandled the man while taking him into the clinic. But a late confession by one of them, under questioning that a blow delivered could have caused the death, has brought upon them the more serious charge in the case. A policeman has been charged with a lesser offence, although friends of the victim detained with him, have testified that the officer was involved in the beating.

AMERICAN NEWS

Terry Dodsworth finds Senator Hart trying to escape the doldrums

Garden state exacts wet revenge



"THIS IS how we choose our presidents," said an exceedingly bedraggled member of Senator Gary Hart's Press entourage, flicking the rain from his glasses as he tried to maintain an even footing on the deck of the pleasure boat SS Miss Belmar. A few feet away, an equally soaked Senator Hart was trying to look as though he was enjoying being tossed by the heavy Atlantic rollers off the New Jersey coast.

The weather that has hit Mr Hart in his three days of intensive campaigning for the Democratic nomination in New Jersey is typical of his luck in this primary. It was not such a bad idea to send him off to sea to catch a few nautical profiles for the television cameras as he weighed against waste dumping in the ocean. But the leaden skies dropped five inches of rain on the area, washing out this event as effectively as it did a nuclear freeze march later in the day.

To these natural disasters have been added some of Senator Hart's own making, as he stumbled into a series of verbal traps that have been ruthlessly exploited by his main opponent Mr Walter Mondale. A remark that he might "consider" the Rev Jesse Jackson, his black opponent in the primaries, as a possible running mate on a presidential ticket is reckoned to have lost him all hope of winning any of the substantial Jewish vote in the state: Mr Jackson's infamous "Hymies" comment has not been forgotten in the New York region, where it caused a furore during the earlier primaries.

Mr Hart has been damaged even more however by an elaborate joke he cracked in California, which roughly suggested that his wife had cornered all the good news in the present campaigning by staying in California, while he had been banished to deal with New Jersey and its toxic wastes.

This produced the desired result on the West coast, but it has not gone down well back east, where Mr Mondale immediately insisted that his opponent "owed the Garden state (New Jersey's own description of itself) an apology."

The question now is whether the Hart campaign can shrug off these negative factors in time for the vote on June 5. New Jersey has become a vital element in his lingering hopes of whipping the nomination prize away from Mr Mondale at the Democratic convention in the summer. In the big final round of primaries which will also see voting in California, New Mexico, South Dakota and West Virginia, New Jersey rates as second prize after California's 345 delegates.

It is not possible for Senator Hart to catch up with Mr Mondale's delegate count—some 1,630 to his own 963. But his strategists believe that victory in New Jersey, with 107 delegates at stake could give him enough to stop Mr Mondale first time round at the convention if he wins in the other June 5 primaries as well, and it would reinforce the argument that his rival is not a strong enough vote winner to face President Reagan.

In theory, Mr Hart ought to stand at least an even chance of marshalling the votes he wants. In many ways New Jersey conforms closely to the political profile of nearby Connecticut, a similarly rich dormitory state which voted for him earlier in the campaign, and helped to give him some of his initial momentum.

But, as Mr Hart's own joke implies, this is not the way much of America perceives the area. It is still widely regarded as a heavily industrialised, strongly unionised region, akin to New York and Pennsylvania, the two adjoining states which went to Mr Mondale. Many outsiders often see little more of it than the blighted landscape of marshlands and chemical refineries which border the road from Newark airport to Manhattan, and which is sprinkled with a record number of federally-registered toxic waste sites.

Yet in the last ten years, this part of the state has become the New Jersey of the past. The region has made the transition to a service-based economy much more successfully than most of the industrial North.

It has 500 research laboratories, claims to employ more scientists than any other state in the country, and has created its own version of Silicon Valley on the roads around Princeton. It also has an unemployment rate of only 8.2 per cent (which consistently lagged the rest of the nation during the recent recession) and the second highest per capita income in the country.

While this is supposed to be the sort of environment to which Mr Hart's "new ideas" message is particularly attuned, his own staff admit that the early gaffes have put him on the defensive against Mr Mondale. Pollsters on both sides give the former Vice-President a lead of between 5 and 10 per cent in voters' preferences at present, and Mr Hart's main hope of closing the gap will be in a final flurry of speeches and advertising campaigns early next week.

This last ditch effort could still wrest the initiative from his opponent. For one thing, Mr Mondale is now constrained in his spending as he pours his remaining resources into California, and is unlikely to match Mr Hart's $500,000 or so on broadcasting and leaflet distribution. For another, New Jersey democratic voters have a predilection for conservative national politicians when it finally comes to the vote.

The state has voted solidly Republican in Presidential elections since Lyndon Johnson's landslide victory in 1965 and never showed great support for the Carter/Mondale ticket.

Much of the final campaigning will be aimed at the independent voters, who are allowed to participate in party primaries in New Jersey. Neither of the two main candidates appears likely to pick up much of the 20 per cent or so black vote, which is reckoned to be as solidly behind Mr Jackson as anywhere else in the country. But the Mondale team believes that its superior organisation will be sufficient to gather independents in a few key areas to tip the scales decisively in his favour.

Mr Hart's campaign dismisses the idea that organisation will be the crucial factor. Everything depends, said one aide, on getting the Senator's message across in the last few days — and therefore on the advertising effort. "Everywhere that we have been able to present his policies clearly in the campaign, we have come out winners," he said.

Doubts raised over debtors' conference

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

DOUBTS surfaced yesterday about the planned meeting of Latin American debtor nations scheduled for this month. A Presidential spokesman for the Government of Colombia, where the meeting was initially tipped to be held, denied that Bogota would be the venue for the conference.

"As far as I know it will not take place here. The meeting could be held in Brazil or Venezuela," he said.

Expectation about a gathering of the principal Latin American debtors rose last month after the presidents of Mexico, Colombia, Brazil and Argentina issued a statement condemning the recent rise in U.S. interest rates and calling a meeting of Latin American foreign and finance ministers to consider the situation.

The project was supported with more or less vehemence by the governments of Peru, Cuba, Chile, the Dominican Republic and Venezuela but it subsequently emerged that the four convening countries had different approaches to the gathering.

Mexico was reported to be considering a bilateral deal with the U.S. Government to alleviate its debt worries. Sr Antonio Delfim Netto, the Brazilian Finance Minister, who until yesterday was accompanying President Joao Figueiredo in Japan, indicated he would not be returning immediately to Latin America but would be touring Europe.

President Jaime Lusinchi of Venezuela indicated his unhappiness with the projected meeting by refusing an invitation to join the four heads of state who signed the original call for a meeting.

The situation in Bolivia remained tense yesterday as trade union leaders continued to press the Government to maintain its decision announced on Wednesday to call a new halt to payments due to foreign commercial banks in respect of foreign debt.

In Lima, Vice-President Javier Alva Orlandini said Peru backed Bolivia's stand on the foreign debt but added that he did not expect Peru would follow the Bolivian example.

The Bolivian decision is understood to have been in part influenced by representations from the international financial institutions in Washington which last year found themselves receiving payments in arrears after the demands of commercial bankers had been met.

Pastora hurt as bomb blasts guerrilla meeting

BY TIM COONE IN MANAGUA

A BOMB explosion at a press conference on Wednesday night has wounded the anti-Sandinista guerrilla leader Sr Eden Pastora, and killed five people including two foreign journalists. The press conference was being held at a camp of the ARDE (Revolutionary Democratic Alliance) guerrilla movement inside Nicaraguan territory, just over the frontier from Costa Rica.

During the conference Sr Pastora was expected to announce a formal split with the other U.S.-backed guerrilla movement fighting inside Nicaragua, the FDN (Nicaraguan Democratic Forces). ARDE only recently allied itself with the FDN.

Twenty-eight people were wounded as the bomb ripped through the crowd of assembled journalists and ARDE militants. Those killed were Ms Linda Frazier, an American journalist working for the Costa Rican paper the Tico Times, a Costa Rican TV cameraman and three members of ARDE.

Ms Susan Morgan, a British journalist who works for The Economist and the U.S. weekly magazine Newsweek was wounded. Her condition is said to be serious but not critical.

Sr Pastora has apparently been taken to Panama by helicopter. One of his closest aides and top lieutenants, Sr Tito Chamorro, is seriously ill in a hospital in San José, Costa Rica.

The bomb was apparently smuggled into the Press conference inside a case containing television equipment. No one has yet claimed responsibility for the attack.

Sr Pastora was a former Sandinista leader who joined the counter-revolutionaries in 1982 and formed ARDE with the aim of overthrowing the Left wing force. He is widely considered a "maverick" both by his allies and his opponents and has had acrimonious relationships with other counter-revolutionary organisations and with their CIA backers.

● The state of emergency in Nicaragua has been extended for a further 50 days until July 20, by order of the three man government junta. It was introduced early in 1982, in response to the escalating U.S.-backed guerrilla war in the country and places limits on press, political and trade union activity.

Duarte inaugurated as Salvador President today

BY ROBERT GRAHAM

THE Christian Democrat leader, Sr José Napoleon Duarte, is expected to pledge to try and end the four-year-old civil war in El Salvador when he is inaugurated as President today.

Since he triumphed in the second round of the presidential elections last month, Sr Duarte has sought to demonstrate his resolve to work towards national reconciliation.

Already a number of controversial right-wing army officers have been removed from sensitive posts and Sr Duarte has said he will re-organise the Defence Ministry so that security and defence activities are clearly separated. This, it is hoped, will help to curb abuse of human rights by the security forces.

Attending today's ceremony will be Mr George Shultz, the U.S. Secretary of State.

His presence underscores the strong American commitment. Congress last week approved $61.8m in emergency military aid to El Salvador. This had been held back pending the outcome of the elections and clear evidence that the new President would seek to end human rights abuses.

Japanese capital outflow for April doubles to $4.42bn

BY JUREK MARTIN IN TOKYO

EXTREMELY HEAVY selling by foreigners of Japanese shares contributed to an almost unprecedented large net capital outflow from Japan last month, the Ministry of Finance reported yesterday.

The news was disclosed in the April balance of payments figures, which again set a monthly record surplus. But it came, appositely, on a day when the Tokyo stock market closed below 10,000 for the first time in 10 weeks and in a week when the Government unveiled a financial package designed, in part, to improve capital flows.

A senior Bank of Japan official insisted the size of the outflow had to be seen as an aberration since it was so much out of line with recent trends.

In April the net long term capital outflow amounted to $4.42bn (£3.2bn), more than double March's $1.97bn. The key factor, the official noted, was that the capital inflow, which had been averaging $1.2bn a month over the first quarter, slipped to minus $200m. At the same time, Japanese portfolio investors continued substantial overseas buying, mostly in the U.S.

The size of the capital outflow ($10.35bn so far this year) tends to depress the value of the yen, the Central Bank believes, offsetting the otherwise bullish currency factor of large trade and current account surpluses.

In April, the current account stood $3.52bn in the black, higher than the previous record, the $3.37bn of March. In the first four months of this year the surplus has reached $8.38bn on a record-breaking annual flow but less than the capital outflow.

The merchandise trade account produced a surplus of $3.90bn, not far under the record of March ($4.23bn). Exports rose by a sizeable 18.5 per cent to $14.28bn and imports by 12.4 per cent to $10.38bn compared with April last year.

Ever since exports began surging last autumn, they have recorded monthly growth increases over the previous year of between 15.4 per cent (last October) and 22 per cent (in November), with the exception of January, which is statistically unusual. In each of the last three months, exports have risen by between 18-19 per cent.

Japanese financial markets feature, Page 18

Baghdad prepares for the worst

BY A SPECIAL CORRESPONDENT

IRAQ is braced for a major offensive by Iran to coincide with the beginning of the month-long fast of Ramadan, in spite of the growing doubts among Western analysts that a large-scale attack aimed at breaking the defending lines will take place.

From 400,000 to 700,000 Iranian troops are reported to be poised along the Southern border from a point facing Al Qurnah down to South of the port of Basra. Ramadan is reckoned to be especially conducive to religious fanaticism so Iraq's military command is expecting an attack.

To military strategists, an attack in this sector may make little sense following the costly attempt made in February and March to isolate Basra. The Iraqis are now thought to be far better entrenched, with superiority in armour, artillery and—if they would make better use of it—air power.

But Ayatollah Khomeini and other leading zealots are believed in Baghdad to be motivated more by blind faith than sober martial calculations.

The main thrust of any attack is expected here to come north-east and north of Basra, where over 200,000 Iranian troops are concentrated. For the first time, the Iranians are deploying substantial numbers of regular forces.

Foreign military attachés in Baghdad express strong doubts about the possibility of an Iranian success in breaching the Iraqi defences in the south. The mechanised armoured division of Iraq's Third Army Corps could overwhelm any human wave attack across the 600-yard wide Shatt-al-Arab river at Basra.

Any successful breakthrough should probably aim at cutting through Iraqi lines at the intersection of its two commands in the sector, where communications and co-ordination could be at their weakest. Iranian incursions into the marshes during the February offensive occurred between the Third and Fourth Army Corps.

This has led President Saddam Hussein, the Iraqi leader, to establish two new commands in the southern sector. In February, the East of Tigris command was formed, and in May the Shatt-al-Arab command covering the area south of Basra to Port al Faw was created.

With the main thrust expected in the south, foreign military attachés in Baghdad believe diversionary operations could be launched in the Maysan section between Ali at Gharbi and Amarah. The aim would be to capture a portion of the Baghdad-Basra highway at a point where it is only nine miles from the frontier.

Other possibilities of diversionary assault include a repeat of the attacks in October-November, 1983, at Penjwin and Haj Omran in the North. However, the scale of such operations will be smaller because of fewer Iranian troop concentrations in the Northern and Central sectors.

Given the large enemy troop concentrations across the Southern border, diplomats in Baghdad wonder why the Iraqi air force has not carried out bombing operations against them. With over 200 combat aircraft, including Mig 25s, Mig 29s, and Mirage F-1s, and an equal number of trained pilots, the numerical superiority of the air force is unquestioned. It is believed, however, that the Iraqis are eager to safeguard their pilots and aircraft to maintain their supremacy.

Iraq is today fully mobilised for war. Over the past 18 months, huge supplies of weapons have been pouring in, especially from the Soviet Union and France. Apart from the four army corps with 22 divisions, there are now estimated to be 650,000 popular army units. It is now preparing for the worst.

Higher shipping costs hit Iran's oil earnings

BY RICHARD JOHNS

Iraq's claim to have "successfully raided a big naval target south of Kharg Island" remained unconfirmed yesterday as at least one supertanker, the 260,000 deadweight ton Atlanticos was being loaded at Iran's main oil export terminal.

Oil traders said several charters had been fixed over the past two days, indicating that Iranian oil will be kept moving, but only at the cost of significant unofficial discounts to compensate for soaring insurance and freight rates. Japanese customers were reported to have been offered reductions by the National Iranian Oil Company ranging from $1.50 to $3.00 per barrel.

Following the Iraqi claim, speculation had centred on the Atlanticos, a Liberian-registered vessel under charter to Mitsubishi of Japan, and early yesterday it was reported to have been struck. Subsequently, the Piraeus agents for the tanker which is owned by Mr Martis Kukukundis's Fiji Steamship Islands Corporation, said that it was safe.

The 330,000 dwt Karoline Maersk, a Danish-owned tanker also on charter to Mitsubishi which loaded at Kharg Island on Tuesday and left on Wednesday, was also said to have escaped unscathed.

It appeared that the latest attack launched by Iraq had failed, like the one on May 24 when the Arizona is believed to have been missed narrowly by an Exocet

Charter rates for voyages to Kharg have now risen to Worldscale 90-100, nearly four times what could be obtained before. That in itself could add $2 to the price of a barrel of Iranian crude shipped to Japan compared with three weeks ago.

Taking into account war insurance premiums on hulls and cargoes, traders calculated that Iran might have to offer up to $3 per barrel to remain competitive.

U.S. backs Gulf UN resolution

UNITED NATIONS—The U.S., siding with six Gulf nations, called on the Security Council on Wednesday night to take a clear stand against the expansion of the Iran-Iraq war through attacks on merchant ships.

The six members of the Gulf Co-operation Council (GCC) formally submitted a resolution condemning "these recent attacks on commercial ships en route to and from the ports of Kuwait and Saudi Arabia."

Iran was mentioned only in the preamble as being responsible for strikes against merchant vessels in the area.

An earlier draft, modified under pressure from the UN body's non-aligned members, would have singled out Iran for strong and direct condemnation.

● Kuwait has informally asked to buy Stinger anti-aircraft missiles like those the U.S. sold this week to Saudi Arabia, the Washington Post newspaper reported.

A Pentagon spokesman refused to confirm or deny the report

The Defence Department said later that Kuwait had approached the U.S. and that "we are reviewing Kuwait's defensive requirements with them, but we are not proceeding with any other Stinger sale in the region at this time"

Agencies

Karami asks Lebanese cabinet for confidence vote

BY NORA BOUSTANY IN BEIRUT

MR RASHID KARAMI, the Lebanese Prime Minister, yesterday asked the Lebanese parliament for a vote of confidence for his new cabinet amid strict security arrangements.

The parliamentary session was held after hectic efforts to secure a relatively peaceful climate after a series of kidnappings on both sides of the Green Line which divides the Lebanese capital. Mr Karami made a strong plea for the liberation of the south and the western Bekaa from Israeli occupation but indicated that Israeli security concerns would not be ignored. He stressed that infiltrations across Lebanon's southern border would be prevented to protect northern Israel against guerrilla raids.

Mr Karami's nine-man cabinet is expected to be formally invested next week although deputies are certain to criticise it for failing to end the recurring sectarian fighting. Mr Kamel al Assad, speaker of the house, adjourned the session until next Tuesday, when parliamentary debate of the policy statement will begin.

The prime minister, a close ally of Damascus, praised Syria's "distinctive" role in reconciling Lebanon's warring factions.

Damascus has had a say in Lebanese politics ever since the Lebanese Government cancelled a withdrawal agreement with Israel last March at Syria's behest and under pressure from its local allies.

"We must give priority and special attention to the south and the western Bekaa. The south is the cause. There Lebanon's tragedy began and there it will end," Mr Karami told the 70 deputies gathered at the heavily guarded Villa Mansour located along the volatile Green Line. Underlining the need for Israeli withdrawal, the Prime Minister called for a mobilisation of diplomatic and media resources.

Setback for Philippines on IMF standby credit

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES application for an SDR 615m (£456m) standby credit from the International Monetary Fund, which has dragged on for nine months, has suffered another setback because of an undue increase in government borrowing from the Central Bank in the month before the May 14 parliamentary elections.

Mr Cesar Virata, Prime Minister and Finance Minister, yesterday told a press conference that the Government is to send the IMF new data as the basis for another round of talks in the next two weeks.

The IMF board's approval of a new letter of intent is likely to be delayed until late July, which means the 90-day moratorium on debt principal repayments, first announced in October last year, will be extended for another three months to October this year. Mr Virata gave an assurance that interest payments will be maintained.

Controlling domestic liquidity is one of the conditions attached to the IMF credit which the Government has had great difficulty in fulfilling. Liquidity increased substantially because of a sharp rise in Government borrowing from the Central Bank last April.

Mr Virata said borrowing reached Pesos 5bn (£258m) last April, higher than the acceptable figure of Pesos 3bn (£155m). Banking sources said the IMF would have agreed to a letter of intent by early June if the Government had mopped up the overdraft by the end of May. According to Mr Virata, Government borrowing at the end of May was Pesos 3.3bn.

The other conditions, including a third peso devaluation within a year and drastic cuts in government budget deficit, have been tough and politically dangerous to implement during the months before the parliamentary elections. As a result, the government did not complete the letter of intent before the elections.

Call for CDC to invest more in Third World

BY QUENTIN PEEL

LORD KINDERSLEY, chairman of the Commonwealth Development Corporation, yesterday called for more direct British investment to promote production and create resources in developing countries.

Presenting the corporation's results for 1983, Lord Kindersley said it was ready to assist in such investment, which was far better for developing nations than increased shorter-term ban's lending.

He said that of the 29 new commitments taken on by the corporation in 1983, seven were in association with British companies which were expected to spend about £19m in the UK for equipment and services during the development phase.

The main aim of the corporation is to help Third World countries develop their economies.

Agricultural projects, financed by the corporation in developing countries were hit by the combined effects of depressed markets, adverse weather conditions and severe balance of payments constraints in 1983.

In spite of the difficulties, however, the corporation undertook new commitments during the year worth more than £100m, bringing total investment in Africa, Asia, the Pacific and Caribbean regions to almost £776m. It produced a surplus before tax of £11.5m, compared with £11.4m in 1982 and £16.7m in 1981.

The annual report of the corporation, released yesterday, stresses its concern at the long-term effects of population pressure and deforestation in many rural tropical areas.

An immediate worry is the substantial increase in arrears owing to the corporation, relying as it does largely on British Government loans for its financing. The amount outstanding increased from £17.5m at the end of 1982 to £24.8m a year later.

"If this were to continue and at the same time activity on new projects were to pick up, the squeeze on our resources would become worrying," according to the report by Lord Kindersley. However, the position had been eased by a relaxation of the restrictions imposed on short-term borrowing.

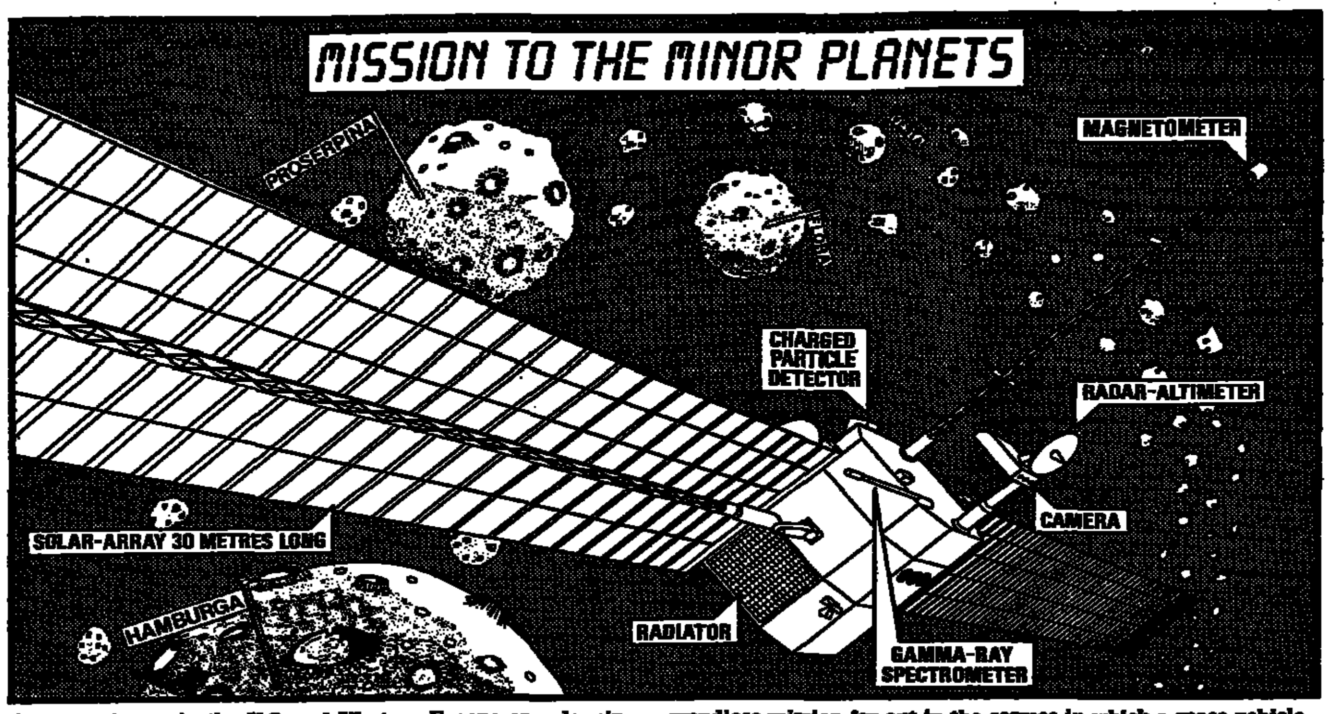
TECHNOLOGY

EDITED BY ALAN CANE

JOINT EUROPE/U.S. PLAN TO EXPLORE ROCK BELT IN 1990s

Close encounter with asteroids

BY PETER MARSH



Space engineers in the U.S. and Western Europe are planning a grandiose mission far out in the cosmos in which a space vehicle makes the first encounter with small planetary bodies called asteroids. With its solar wings, the spacecraft would be about as wide as a soccer pitch

SPACE scientists are planning an ambitious journey of 500m kms to mount a close encounter with some of the solar system's most mysterious inhabitants.

The scientists plan a trip to the asteroids—small lumps of rock that lie mainly in a belt between Mars and Jupiter—with the help of a novel, high-energy ion engine that would be developed in West Germany.

The voyage is one of three big planetary exploration missions that a joint team of U.S. and West European scientists has mooted for the 1990s. The two other ventures under consideration are a trip to Titan, a moon of Saturn which has a physical likeness to the earth, and an investigation of the surface of Mars by roving, robot vehicles.

Dr Gordon Whitcomb, head of future project studies at ESA's scientific centre in Noordwijk, Holland, thinks that the mission to the asteroids looks particularly promising. The 11-nation agency would pay about a third of the $600m to $1bn that the mission would cost, with the U.S. contributing the remaining cash.

The spacecraft would take between four and six years to complete its mission. It would cruise to the asteroid belt, which is some four times farther away from the sun than is the earth, and rendezvous with several of the small planetary objects that it contains.

Astronomers have so far identified 2,000 asteroids, the best known of which are a few hundred kilometres in diameter. Vesta, one of the largest, measures 555 kms across while Thetis and Proserpina are less than 100 kms in diameter, which means they could fit without trouble onto the south-east corner of England.

Other prominent members of the asteroid family are Flora, Fortuna and Hamburga.

Scientists would like the spacecraft to fly past several of the bodies, recording information with cameras and other instruments such as spectrometers and dust analysers, and to enter orbit around some of the others. The advantage of the second strategy is that, in orbit perhaps 100 kms from the surface of an asteroid, the probe would be able to return to earth a lot more information.

The drawback is that the spacecraft would require a large amount of power. It needs a sizeable propulsion system, for example, to adjust its position in orbit and to weave away from the gravitational field of one asteroid to make a further encounter with a second.

Scientists think the asteroid vehicle would need to develop up to 25 kW. In contrast, a simple fly-by probe, of the kind that U.S. researchers have sent to investigate planets such as Saturn and Jupiter, develop only a few hundred watts.

Chemical propulsion systems, in which combustants explode to produce a thrust responsible for the rocket's forward movement, could easily provide this kind of power. But they are unsuitable for long voyages into the solar system because they need large volumes of fuel.

That is why scientists think highly efficient motors called ion engines could power a spacecraft such as the one intended for the asteroid belt. These produce a rocket exhaust velocity about ten times higher than for a conventional chemical motor—some 30 km/s.

The ion engine envisaged for the asteroid vehicle would require just 1 tonne of propellant—which would be mercury. The fuel would account for roughly half the weight of the spacecraft at the beginning of its journey.

In the engine, which would be developed by MBB of West Germany, high-energy microwaves would bombard mercury in a chamber, stripping atoms off electrons to form ions. Accelerated by an electric field, the ions would shoot out of the engine's exhaust at a high speed.

Ion engines, though the principles behind them have been known for decades, are far from fully developed. MBB, which has already developed a small ion motor called RIT-35, would probably have to start concentrated work in the next couple of years for the asteroid vehicle to be ready for launch in 1992.

A second problem is to devise the solar arrays that would channel electricity to the ion engine. The arrays would have to capture sunlight far out in the solar system where the sun's rays are weak. So the arrays would have to be much bigger than those on satellites that orbit the earth.

Researchers think the asteroid craft would need two solar "wings" which would each stretch out for 30 metres, making the full space vehicle almost the length of a football pitch.

Propulsion

Ion engine for space satellites

BRITISH engineers are seeking about £3m to enable the development of a novel ion engine that would help to keep satellites in the right orbit.

Marconi Space Systems, with the Culham Laboratory of the UK Atomic Energy Authority, wants the engine to act as an alternative to the chemical thrusters that maintain satellites in the correct position in the geostationary orbit 36,000 kms above the equator.

After the Department of Trade and Industry turned down the engineers' request for development cash, they plan to turn to private sources for help in producing the engine.

Satellites often fail before the end of their intended lifetimes because the chemical fuel runs out. Ion engines are more efficient than chemical rockets. As a result, a small amount of fuel should satisfy the needs of a satellite that is normally intended to stay in operation for 10 years.

Typically, a 1 tonne satellite contains 200 kgs of chemical fuel at the start of its life. With an ion engine, the fuel could be reduced to 20 kgs, according to proponents of the device.

Engineers at Marconi and Culham say a development programme would take about three years.

The fuel for the engine would be xenon. This would be ionised by a bombardment of electrons. Ions would be accelerated electrostatically and shoot out of the engine at 44 km/s, or some 10 times the speed of exhaust gases from a chemical rocket.

The engine envisaged by the British workers would be about 15 cm in diameter and 40 cm high.

In the U.S. Hughes, one of the world's leading satellite companies, is also working on ion thrusters. In collaboration with the National Aeronautics and Space Administration, Hughes worked on a prototype ion engine called SERT that, attached to a satellite, stayed in orbit for about a decade.

According to proponents of ion engines, the devices could greatly increase the lifetimes of satellites likely to enter the heavens in the late 1990s, in addition to providing a propulsion source for long planetary missions.

BIOCHEMICAL INSTRUMENTATION

Fluorescence is the essence of analysis

BY ELAINE WILLIAMS

SOME RARE earth metals fluoresce when exposed to ultraviolet light. This fact has been incorporated into an analysis technique for research and clinical diagnosis which could eventually supersede conventional analysis using radioactivity.

The system has been developed by Dr Erkki Soini, head of research at Wallac in Finland, a subsidiary of instrument group LKB.

Applications for the instrument include the preparation of vaccines, analysing plant diseases, virus detection, hormone research and infant diseases analysis through blood samples. It comes on to the market this year.

Research workers throughout the world have been searching for non-radioactive alternatives because of the problems of waste disposal, the need to have special approval to set up radioactive laboratories and the care needed to use conventional gamma counting. Mr Derek Eastell, an LKB vice-president, said that Wallac was one of the few groups to have come up with an analysis system which matched and even beat the performance of gamma counting.

The system is called time resolving fluoroimmunoassay and is based on fluorescence. In simple terms, the system is used for antibody analysis. These are tagged with a label usually a rare earth such as terbium or europium, which fluoresces when excited with UV light. These are more sensitive than other fluorescent tags says LKB. The instrument then measures the activity of the tagged antibody to assess its concentration.

LKB says that this is one of its most promising products and has been one of the most capital demanding developments in recent years, accounting for a considerable portion of the 13 per cent of turnover Wallac spends on R & D. The group invested about SKr 51.5m last year in its research and development, while its sales were SKr 676m.

Another important area of development within LKB is in the reagent field. These are solutions which have to be renewed every time a piece of equipment is used. Mr Eastell said that the market for reagents was as large as the equipment market itself.

At present LKB's sales are split into 80 per cent equipment and 20 per cent reagents. By the end of the decade the group hopes that turnover will be split equally between the two markets. It hopes to step up its reagent manufacture by next year.

Vertical markets have been identified as providing the company's growth. Already LKB has found that in an 18-month period, 30 new products have accounted for 35 per cent of its turnover.

LKB is split into three basic companies with the head office at Bromma, near Stockholm. Wallac is the Finnish subsidiary and the third arm, Biochrom, is based at Cambridge Science Park in the UK. The group concentrates on producing instruments, reagents and systems in biochemistry, analytical chemistry and biotechnology. This tends to cover a wide range of applications from providing the young biotechnology companies with equipment to purify new products to analytical instruments for use in food and pharmaceuticals.

Analytical chemistry, stated simply, deals with finding out what are the components of a particular substance—how many atoms or molecules of each component. To do this complex instruments and sophisticated techniques are applied as substances can vary widely in their nature. LKB is in the business of providing those techniques.

LKB is not a mass manufacturer. Mr Stig Stendahl, LKB president, said: "In our business, 500 to 1,000 units is a lot." The company, however, has introduced flexible manufacturing systems and computer-aided design at some of its plants to manage its production more efficiently.

Until the late 1960s, the company tended to be research-, rather than market-led. This resulted in the LKB starting enthusiastically on several projects and then dropping them because it was too expensive to continue. Mr Stendahl said that the company now seeks out and assesses the market before committing funds to equipment development.

The instrument market is highly competitive with many international companies such as Hewlett-Packard, Hitachi, Philips and Beckman all vying for various sectors.

Motoring

Vehicle costing

A MICROCOMPUTER-BASED system for the management and analysis of fleet transport costs has been launched by LA Computer Services. It provides individual maintenance histories for up to 1,000 vehicles, can impose strict cost limits on repair expenditure and allows for pre-planning of maintenance and vehicle replacement.

The system is menu-driven—the transport manager is given a list of options in English from which he selects what he wants to do—and so, the company claims, no previous data processing experience is needed.

It runs on the newer kind of 16-bit, hard disk personal computers like the Future Computers FX-30, and costs £3,500 including hardware, software, training and one-year support and maintenance contract but not VAT. More on 01-689 2244.

Construction

Clever clamps

LINDAPTER has developed a clever clamp for fixing pipes, conduits and the like, to horizontal or vertical hollow concrete slabs in buildings.

It works on the well-known toggle principle. It comprises a casting in which weight is distributed unequally with a threaded hole at the centre and a wire handle. The clamp is inserted into a drilled hole in concrete up to 24mm in diameter; once through the hole, the clamp falls over so the threaded hole is flush with the hole in the concrete. The rod to support the pipe or conduit is screwed into the clamp and a plate washer and nut added.

The handle is removed before final tightening of the whole clamp. It has Factory Mutual Approval. More on 0532 560133.

Grundig will continue to market V-2000 system recorders

BY JONATHAN CARR IN FORTH, WEST GERMANY

GRUNDIG, the West German audio-video concern, will definitely continue to develop and market video cassette recorders (VCRs) of the V-2000 system, despite its decision to manufacture the rival VHS model, too.

This was emphasised by Grundig at a Press conference in Fürth, West Germany, held to announce product development plans as the company passes into the management orbit of Philips of the Netherlands.

Doubts have been growing about the future of the V-2000 system, developed by Grundig and Philips, since Grundig said last year it planned to start making the popular VHS Japanese format.

Philips' announcement this week that it too intends to market VHS recorders in Western Europe — the heartland of its production — has further increased speculation that V-2000 may be on the way out.

But Dr Rudolf Köberle, Grundig's sales director, stressed that even in the long term, he expected V-2000 machines to account for between one third and 40 per cent of the company's overall VCR production.

He agreed that the V-2000 had hardly penetrated non-European markets where, however, Grundig had done well with colour television sales. This was the main reason why the company decided last summer to go ahead with VHS, too.

But Dr Köberle noted that Grundig had built up a strong market position in Europe with the V-2000 over the years — and had no intention of abandoning it.

On the contrary, Grundig planned to boost sales, notably on the domestic market as well as in Spain, Holland and Austria, by further refining V-2000 machines. The latest development, V-2000 with Hi-Fi sound quality, would go on show shortly.

The ultimate Grundig sales pattern for VCRs, Dr Köberle said, would be made up of V-2000 and VHS systems in continental Europe, VHS in Britain and many other overseas countries, and a very small share for the third system —Beta—in Turkey and Indonesia.

Mr Hermanus Koning, who has been executive chairman of Grundig since April, stressed that the German company would maintain its own identity and product development, despite its closer involvement with Philips.

Mr Koning, who comes to Grundig from Philips' West German holding concern, pointed out that the Dutch company had a minority stake in Grundig and he did not believe this would be turned into a majority holding for years to come.

Under the terms of the complex new relationship between the two companies, Philips and a banking consortium took a 50.5 per cent stake in Grundig, with Philips holding more than 30 per cent of the interest. The Max Grundig Foundation retains a 49.5 per cent stake.

Fluctuating prices of oil, paid for with exports, have led to a large Finnish surplus

Finland and USSR tackle a bilateral trade bulge

BY KEVIN DONE, NORDIC CORRESPONDENT, RECENTLY IN HELSINKI

FINLAND, the Soviet Union's second most important Western trading partner after West Germany, has started negotiations with Moscow on a new five-year trade pact. The new treaty should be completed by November.

Trade between the two countries is worth more than $6bn (£4.32bn) a year and it has assumed a crucial importance for the Finnish economy in the wake of the two oil crises.

The Soviet Union is by far Finland's leading trading partner, accounting for more than a quarter of the country's exports. The Soviet market now absorbs around the same share of total Finnish shipments as the other Nordic countries and the UK together.

The bilateral trading arrangements between the two countries have a special character, and trade is supposed to balance. Fluctuating oil prices have put the system under strain, however, and both sides have had to battle to cut the huge surplus that has built up in Finland's favour since 1982.

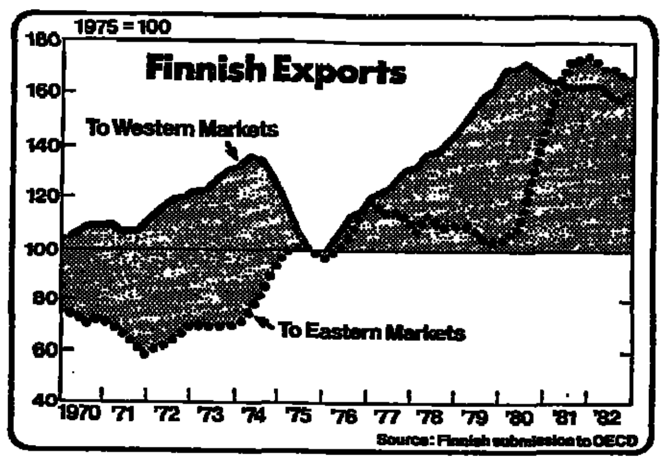
Around 85 per cent of Finland's imports from the Soviet Union consists of energy, chiefly crude oil. In the wake of the two oil price shocks, Finland was in the fortunate position of being able to pay for the increase in its oil bill simply through boosting export volumes to the Soviet Union.

As a result, the share of its total manufacturing exports absorbed by Eastern markets, chiefly the Soviet Union, jumped from 15 per cent to 25 per cent between 1973 and 1976 and leapt again from 17 per cent to 30 per cent between 1979 and 1982.

The arrangement has proved a godsend for a country which has one of the highest levels of energy consumption in the world and which is dependent on imports for meeting 70 per cent of its energy needs.

Finland showed the flexibility of its export industries by more than doubling its shipments to the Soviet Union from 1979 to 1981 from FMk 6bn (£740m) to FMk 14.9bn (excluding services), but as oil prices began to fall back, it was unable to stop the export flow quickly enough. By late 1982 it had built up a surplus in its favour of FMk 5bn.

Foreign trade officials in Helsinki are now confident that the surplus should be eliminated by the end of next year. "The next five-year plan should not be burdened by past imbalances," said one senior official. But it has been a hard struggle and has called for innovative solutions from both sides.



The main device for balancing trade chosen by Moscow was to start selling "third-party" crude oil to Neste, the Finnish State oil company, which it has then traded in world markets. Since 1982 Neste has been handling 1m to 1.5m tonnes a year of oil, chiefly Libyan but also Iraq which Moscow had taken in exchange for Russian exports.

As another device Finland lent FMk 2.1bn of the surplus to Moscow which was placed in an interest-bearing account as the Soviet Foreign Trade Bank.

Otherwise, Finland has simply had to try to hold back the flow of exports. Non-traditional exports, such as clothing, textiles and foodstuffs have been particularly severely affected by the need to cut the surplus.

Finnish exports to the Soviet Union are dominated by machinery, engineering goods and specialist ships, especially ice-breakers, dredgers and ice-strengthened dry-cargo vessels and product tankers.

The importance of engineering exports stems from the heavy war reparations deliveries Finland was forced to make under the terms of the armistice it signed with Moscow in 1944.

Finnish-Soviet trade is fixed in roubles and since 1981 the total value of the bilateral trade has been steady at around roubles 5bn a year.

With the rouble exchange rate tied in practice closely to the U.S. dollar, the value of the bilateral trade has still been rising in recent years measured in Finnish marks.

The exchange of goods this year is worth about FMk 36.5bn, with Finnish exports to the Soviet Union totalling some FMk 17.5bn compared with FMk 18.3bn in 1983.

With imports from the Soviet Union—inclding a quota of 9m tonnes of crude oil—holding steady at close to FMk 19bn, the surplus in the clearing account should decline significantly.

As long as oil prices remain stable, the scope for significant jumps in exports to the Soviet Union are probably limited. Foreign trade officials in Helsinki are hopeful that the current annual level of roubles 5bn in bilateral trade can be maintained as a base for the next five-year plan, and they are searching hard for ways of increasing shipments.

The biggest obstacle Finland faces is finding other goods to import from Russia.

Finland's oil consumption is falling and the volume of oil imports from the Soviet Union has only been maintained by gradually squeezing out imports from other sources, chiefly the Middle East.

Neste is planning to embark on a FMk 900m project to lay natural gas pipelines to the cities of Helsinki and Tampere so that gas imports can be boosted—from the current level of less than 800m cubic metres a year to more than 2bn cubic metres during the 1990s.

"It is a permanent problem finding enough goods from the Soviet Union," admits a leading trade official. Finnish industry has submitted a long list of what it might be interested to buy.

But there has been little progress. Many of the most sought-after items are already in short supply or are exported by Moscow only in exchange for hard currency.

Finnish officials are concentrating the search for future growth on looking for forms of compensation trade—an area where they lag behind the West Germans, for instance—where they could build industrial plants in the Soviet Union and take payment in the form of products from the plant.

For the foreseeable future, however, the bilateral trade will chiefly be built on the exchange of Soviet energy for Finnish machinery.

GM to sell Bedford and Isuzu trucks in tandem

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL Motors plans to sell commercial vehicles from its Japanese associate, Isuzu, and its Bedford subsidiary in Britain alongside one another throughout the world.

The project draws the loss-making Isuzu company in which GM has a 34 per cent shareholding, even closer into the U.S. group's world truck and bus group.

As a further indication of the closer relationship, GM has announced that three projects in which Isuzu is a partner will become part of the truck and bus group, based at Pontiac, Michigan.

The projects are in Nigeria, where a plant is to produce Isuzu vehicles from 1986 and in which both GM and Isuzu have a 15 per cent stake; and in Egypt, where a similar venture due to start-up in 1985 has GM as a 31 per cent shareholder and Isuzu with 20 per cent.

The third project is Convesco, a sales company for Isuzu and Bedford vehicles in Europe, based in West Germany and which set the pattern for the new world-wide organisation.

A GM spokesman said that the new International Export Sales Organisation will in particular aim to improve the group's commercial vehicle sales in Africa, and the Middle and Far East. It will cover only those territories in which GM does not have production plants.

He indicated that the new organisation could be expected to provide a significant boost to sales of Isuzu light and medium commercial vehicles and should help Bedford sell more medium and heavy trucks.

"We can send vehicles from whatever country has the product to meet the needs. We might even be able to sell some of the new American lighter vehicles in export markets," he added.

GM has sales offices in about 200 countries around the world. Currently, Bedford sells in 55 of them and Mr J. T. Battenberg III, the company's general manager maintains: "The new organisation will greatly strengthen Bedford's worldwide selling efforts, increasing our international sales force substantially."

Although the new organisation has been set up mainly to boost GM's commercial vehicles exports, it will also handle car exports when necessary.

UK services expect to boost foreign profits

By Our Trade Staff

MOST UK service industries expect to boost their net overseas earnings by up to 10 per cent this year, but shipbrokers and export finance houses expect their earnings to decline, according to a survey published yesterday by the British Invisible Exports Council.

Banks are among the most positive about their prospects, the survey says. They foresee improved earnings from trade finance stimulated by recovery in world trade and UK exports.

Clearing banks expect growth in current prices of between 10 and 20 per cent, and accepting houses see growth of up to 10 per cent.

Securities dealers, solicitors, airlines and tourist operators are also optimistic, with invisible receipts of air-carriers expected to rise by about 8-10 per cent and receipts from tourists up about 9 per cent.

Pakistan buys six aircraft from Boeing

Pakistan yesterday signed a contract with the Boeing Corporation of the U.S. to purchase for its airlines six Boeing 737-300 twin-jet aircraft at a total cost of $187m (£133m), AP-DJ reports from Karachi.

The contract was initialled in Karachi by Air-Marshal Viqar Azim, managing director of Pakistan International Airlines Corporation, and Mr R. P. Norton, senior vice-president of Boeing.

Airbuses for Algeria

Airbus Industrie has signed a contract to sell two medium-range A-310 airliners to the Algerian state carrier Air Algeria, the company said yesterday, Reuter reports from Paris.

Under the contract the two aircraft will be delivered in August this year and February 1985.

Brussels seeks wider accord with Peking

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission wants the EEC's existing trade agreement with China to be replaced by a wider accord embracing economic co-operation.

It has decided to seek the approval of the Council of Ministers for such an initiative and to secure a negotiating mandate for talks with the Chinese Government.

The Commission made its decision as preparations went ahead for the visit to Brussels next Tuesday of Zhao Ziyang, Prime Minister of China. He will have talks with the Commission on international economic matters and bilateral relations.

The idea of an economic co-operation agreement would be to foster exchanges and increase technical assistance and investment promotion in industry and agriculture, science and technology.

Such an agreement might be expected to strengthen a process which has already started.

It would follow a new accord reached in March covering textile trade between the EEC and China.

The existing trade agreement was signed in 1978. It has provided the framework for EEC exports to China to more than double, while China's sales to th EEC have increased nearly fourfold.

The all-new Bluebird.

Eight models from £6,095.

Beautifully engineered.

For the past eighteen years, millions of owners have known the Datsun Bluebird as a true family car and a delight to drive. Now there's an all-new front wheel drive Bluebird, using the most advanced computer design technology to achieve new standards of all round performance and responsive handling – with even higher luxury and equipment levels. And you have a wider choice of saloons and estate cars with this class-leading range: 1.8 and 2.0 litre engines, and DX, GL and SGL models, all manufactured and tested with the care and precision for which Nissan is world famous.

Front wheel drive:

This major change gives double advantage: more space for people and luggage; better traction and steering particularly in adverse conditions. Equal length driveshafts cleverly eliminate the problem some manufacturers have with front wheel drive; engine torque steer. This Bluebird is a delight to handle and extremely safe to drive.

Choose 1.8 or 2.0 litres:

Both new single OHC engines reach new peaks of technical excellence being among the lightest in their class in the world. The cross-flow design gives an abundance of smooth, efficient power; the 2.0 litre delivers 105 bhp to give a top speed of 111mph (the 1.8 litre has a top speed of 106mph). There's also a 1.8 litre Turbo with 135 bhp and a top speed of 121 mph.

Five-speed or Automatic:

All Nissan gearboxes are light and silky; much the envy of many manufacturers. The manual ratios give snap and vigour in the lower gears – maximum economy at motorway cruising speeds – both fourth and fifth being overdrives. The automatic has four ratios. Three are selected automatically – while the fourth (overdrive) is electronically selected by the driver. This lock-up overdrive makes full use of every gallon of fuel and gives the double bonus of exceptionally relaxed high speed cruising.

Immaculate handling:

The variable ratio rack and pinion steering is light at parking speed but with progressive stiffening at higher speeds to enhance steering stability. The fully independent suspension; incorporating transverse link strut at the front and parallel link strut at the rear, each with its own anti-roll bar, combines with the wider track to give a level ride and superb cornering.

Power-assisted brakes:

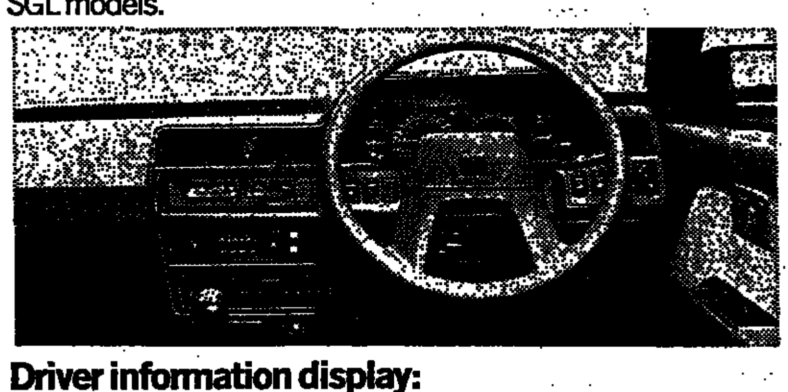
A performance car needs performance braking and the Bluebird benefits from a system developed for Nissan's new 155 mph 300ZX sports car – fist-type calipers operating on ventilated front discs. With drums at the rear, they are light to operate and reassuringly positive in effect.

Sumptuous luxury.

The moment you open the driver's door there's a sense of luxury from all sides. The deeply padded seats on SGL models are covered in napped tricot velour with the same material used lavishly on door linings. The carpet (and it's all one piece) is deep pile laid over unusually thick, sound deadening felt. The result is a cosy silence. High grade cloth and carpeting feature on GL models too.

In-car entertainment:

Such silent travel is the perfect environment to exploit the stereo cassette system fitted alongside a 3-waveband radio on GL and SGL models.



Driver information display:

Centre stage is held by especially clear analogue speedometer, tachometer, fuel and water temperature gauges. A warning light array rivalling Concorde includes: rear fog lamp on, heated rear window on, low fuel, low washer level, oil level low, battery charge low, seat belt not fastened. A chime reminds you, on leaving the car, if lights have been left on.

Super ventilation/heating:

Redesigned to move more air in greater silence, the heating/ventilation system achieves the ideal: cool air to the head and warm air to the feet. This is made possible by crystal-clear controls, efficient bi-level valves and a quiet, four-speed fan.

Power windows/mirrors/locking:

On SGL models, windows are electrically operated by driver control, with individual control for each passenger as well. Door mirrors can be finely set, at a touch, from a relaxed driving position. And all doors are locked electrically by the driver's door key, and unlocked by a switch on the driver's door console.

Extra luxury. Extra refinement:

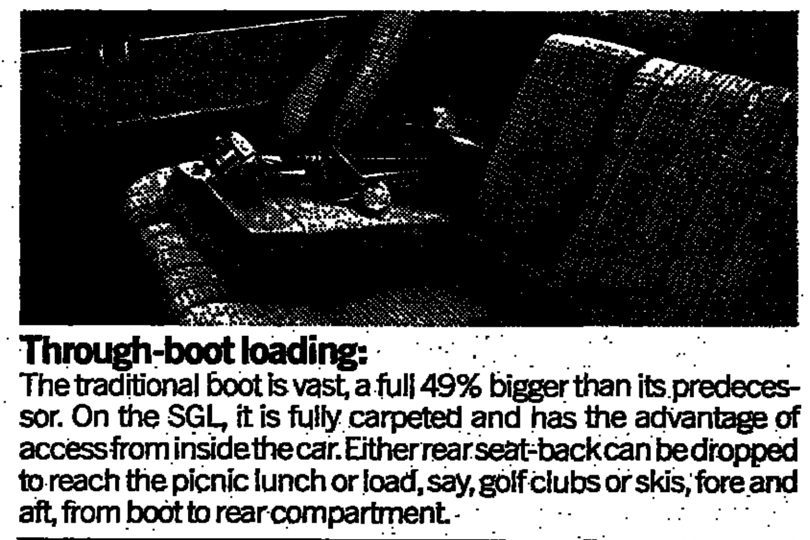
Both petrol flap and boot lock can be released from the driver's seat. The mileage recorder has two additional trip readings. The two-speed wiper has a variable delay to the intermittent wipe to time the sweep as drizzle builds on the windscreen. The glovebox is lockable while the front armrest hides a cassette storage box. The green display digital clock gives time, date or seconds from zero.

More space than ever.

In a slightly more compact exterior, Nissan have won much more interior space for passengers.

Transverse engine and gearbox:

Because the engine is so compact, Nissan engineers have been able to mount the gearbox transversely as well, giving even more space for passenger comfort. With the wider track and longer wheelbase, there's more legroom, shoulder and headroom. This extra space is enhanced by the light elegance of the interior styling – plus lots of large windows. (Less than 12% of the driver's 360° all-round vision is interrupted by door pillars.)



Through-boot loading:

The traditional boot is vast, a full 49% bigger than its predecessor. On the SGL, it is fully carpeted and has the advantage of access from inside the car. Either rear seat-back can be dropped to reach the picnic lunch or load, say, golf clubs or skis, fore and aft, from boot to rear compartment.

Cavernous Estate:

If you need yet more space, read on. The Bluebird Estate, with split rear seats folded, gives flat-floor loading to challenge a double bed; 69" long; guaranteed to swallow the odd antique sideboard or several children at a time.

See your Nissan/Datsun dealer:

Take the family to see the new Bluebirds. They'll revel in the experience of such roomy luxury. You'll enjoy the feel of a beautifully engineered car. And with prices from £6,095 you'll be amazed at just how much Nissan you get for your money.

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Secret talks in coal dispute break deadlock

BY OUR LABOUR STAFF

THE FIRST SIGNS of a possible eventual settlement in the three-month-old coal dispute began to emerge yesterday after secret talks between the National Coal Board (NCB) and the National Union of Mineworkers (NUM).

The talks lasted for about two hours and both sides agreed to hold more talks, probably next week. Mr Peter Heathfield, general secretary of the NUM, said afterwards he was optimistic, but there was still a long way to go.

He described the meeting with the board as being "tense but cordial."

The atmosphere at the talks was clearly in sharp contrast to the first meeting between the board and the union last week, when there was an acrimonious exchange between Mr Ian MacGregor, NCB chairman, and Mr Arthur Scargill, president of the NUM.

Mr MacGregor did not attend yesterday's meeting, at which the NCB's representatives were headed by Mr Jim Cowan, the deputy chairman, and Mr Ned Smith, the industrial relations director. Mr Scargill led the union team.

The talks were held in secret – somewhere in Yorkshire – because both sides felt that more progress might be made aware from the glare of publicity. An agreed official statement after the meeting described it as informal and involving an "exchange of views on the present situation in the industry."

Mr Scargill described the meeting as extremely useful and said that it showed the NCB was willing to be highly flexible in the substantive discussions. He was optimistic that the outcome of the talks would be favourable. However, some other union and NCB officials were more cautious.

The NCB is believed to have indicated its willingness to discuss the timing and extent of pit closures – the principal cause of the dispute – in its endeavour to balance coal output with demand. The NCB had wanted 20 pits to close this year with about 20,000 redundancies.

Mr Arthur Scargill

Mr Scargill was still insisting that there could be no settlement involving job cuts and pit closures. But the fact that he did not walk out, in the absence of any guarantee on this, suggests that he is under union pressure to try for a negotiated settlement.

The first break in the union's ranks in Yorkshire, the largest and most militant coalfield, came yesterday when 77 colliery winders at Barnsley voted in a postal ballot to return to work. Almost 60 per cent of the winders, who operate the pit shaft cages, voted to end the strike.

There was less violence yesterday outside the Orgreave coke works, near Sheffield in South Yorkshire, where Mr Scargill was arrested for alleged obstruction on Wednesday. There had been fierce clashes earlier in the week with the police, who for the first time in the dispute used riot equipment.

Ten pickets were arrested outside the works yesterday and the men were charged with unlawful assembly – a more serious charge than that normally brought against pickets.

Mr Tony Clement, assistant chief constable for South Yorkshire, sasid the action of the pickets warranted the charges.

About 2,000 pickets had been present in the morning as 35 lorries were loaded with coke to take to British Steel's works at Scunthorpe, but the number had dwindled to a few hundred when there was a second convoy of lorries in the afternoon.

Ministers to hear ideas on reducing jobless

BY OUR INDUSTRIAL EDITOR

CABINET MINISTERS and business leaders will next week be urged to pursue a range of measures aimed at reducing unemployment.

Mr John Cassels, director general of the National Economic Development Council (NEDC) will present a paper at next week's meeting of the council which says that "continuing high unemployment is not inevitable."

The NEDC is a high-level forum comprising leaders of business, senior government representatives and, until their recent decision to boycott it, the trades unions.

The paper is a crucial part of the exercise which the council has undertaken over the past nine months aimed at getting agreement on where new jobs are to come from, and what policies to pursue to encourage higher employment.

Mr Cassels' proposals come down firmly on the side of tackling a range of difficult issues which he identifies as at the core of the employment debate.

These issues are earnings, the responsiveness of the labour market, and the state of demand. He says: "The likelihood of bringing down unemployment levels in the 1980s will probably depend heavily on change in these factors."

Industry grants hit by spending cuts

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE GOVERNMENT is clamping down on general investment grants made under the Industry Act as part of its strategy to curb public spending. The move, made without a public fanfare, is likely to arouse concern among manufacturing companies outside the assisted areas.

Companies, particularly in the hard-hit West Midlands, see such aid as the key to pressing ahead with projects that would not otherwise be viable. The level of support is negotiated on an ad hoc basis for purposes such as the introduction of new technology.

Latest figures available from the Department of Trade and Industry (DTI) show that in the year to March 1983 grant offers of £29.9m were made towards investment projects totalling £257.6m.

The DTI, pledged to a policy of getting better value for money, is thought to have become concerned at the amount of cash flowing out under the Act, particularly at a time when the funds offered under specific investment grants are on the increase.

Mr Norman Lamont, Minister of State for Industry, indicated the tightening of government policy when he spoke to a recent seminar organised by the Confederation of British Industry in London.

He said national selective assistance was given for individual investment projects that the Government believed would be of particular importance to the UK. In an improved economic climate the DTI would be "even more concerned to avoid deadweight and support only projects of exceptional importance that would not otherwise go ahead."

The DTI said last night it would now be looking at projects with a much more critical eye. There was no need for a change in the legislation as the criteria for assistance had been drawn up in July 1979 by Sir Keith Joseph, then Industry Secretary, in sufficiently broad terms to be interpreted according to changed circumstances.

The argument that the improvement in the economy reduces the need for such general assistance is likely to meet with hostility in the West Midlands which has received a disproportionately high share of the money at £9.9m, nearly one-third of the grants offered in the year to March 31 1983.

Many companies have warned that restructuring and rationalisation will continue over the next year or two placing strains upon cash resources and investment plans.

The main hope in the West Midlands must be that the Government will offer compensation by making parts of the region eligible for assistance under the review of regional policy currently under way.

Peter Bruce watches Vickers wheel out its new armoured carrier

Uncertain ride for Valkyr

VICKERS, one of the old giants of British engineering, took a step into the unknown yesterday, presenting a sleek, silent armoured personnel carrier to a sceptical market and with not a firm order, or even an exciting inquiry to help the Valkyr on its way.

That did not stop Vickers from surrounding the launch of the vehicle with a somewhat extravagant display of its capabilities.

The eight Guardsmen who flung themselves out the back of the Valkyr as it shuddered to a halt in front of a group of startled journalists had been practising their display for four hours.

Soon after the hapless recruits picked themselves out of the mud and tumbled back into the carrier, it was the turn of Vickers' managing director, Mr David Plastow, to take the wheel for the first time.

"Marvellous," he reported after a brief run over the dirt track. "Just like a Silver Streak," he added, reminding the assembley that Vickers also makes Rolls Royce cars.

Vickers has been in the weapons business since before the first world war and, although much of the business has been stripped away by nationalisation, the group's Defence Systems operation, concentrated in a new £7.5m tank plant near Newcastle, still makes an 8 per cent contribution to group turnover (£655m in 1983) and delivers around 20 per cent of net profit (£50m).

The Newcastle plant is primarily occupied with completing a £50m main battle tank order for Nigeria. In part, the clue to yesterday's launch of the Valkyr lies in the fact that the Nigerian order, already two-thirds complete, will be completed by next February and Vickers has nothing, as yet, to replace it.

Hopes are now that the Valkyr, which will sell for between £120,000 and £210,000 apiece, may be able to pick up some orders and keep some volume moving through the Newcastle works if the Nigerians fail to increase their initial order of two years ago.

But the armoured personnel carrier market is crowded. Vickers' main rival in the UK, GKN Sankey, won a major British Army order for its personnel carrier, the Saxon, earlier this year and will eventually deliver 500 locally in addition to the 200 sold abroad so far.

Vickers officials admitted, ruefully, yesterday that they had not been able to get their product on the road by the time Army placed its order for the Saxon, which is believed to be considerably cheaper than the Valkyr. "I'd love to have thought of it two years ago," said Mr Gerald Boxall, chief executive of Vickers Defence Systems.

Vickers concedes that there is very little prospect of significant sales in the UK and was at pains to stress that its weapons business was anyway, export oriented.

Nevertheless, the group has tried to interest the Home Office in the Valkyr, for use in crowd control. Home Office technicians have inspected the vehicle but officials in Whitehall said any interest shown so far was not likely to go any further.

GKN is also likely to prove tough competition for the Valkyr in export markets, where at least 30 international manufacturers can offer much the same product. The first test of customer reaction will come later this month at the British Army Equipment Exhibition at Aldershot.

Vickers is, outwardly, relaxed about its new weapon's prospects. Development costs have already been written off and the current prototype family of three will not be extended without a firm order.

Vickers has had to spend just £1.5m bringing the Valkyr on to the market, thanks to a Belgian manufacturer, Beherman Demoen, which first built the vehicle around a suspension system developed in Ireland. Apart from selling 128 machines to the Belgian Gendarmerie four years ago, however, Beherman Demoen has had little success with it.

Vickers claim to have re-engineered around 90 per cent of the Valkyr, which may place it, with or without orders, in a position to weather a major reshuffle in British arms producers when the Government's plans to privatise the Royal Ordnance, factories (ROF) come to fruition.

At least one ROF, in Leeds, could become a serious competition across a broad range of armoured vehicles if sold off by the Government, but Mr Plastow expressed little interest yesterday in buying up major new defence equipment assets. "It doesn't make a great deal of sense to me," he said. "There's too much capacity around anyway."

The impact of direct ROF competition with private sector defence equipment manufacturers will become clear soon, however, when the Government calls for tenders to build a tracked light armoured vehicle, developed by GKN, the MCV 80.

Earlier this year BKN Sankey was awarded a £150m contract for the first 250 of an eventual 1,000 MCV 80s for the Army. The rest of the orders will go to tender.

Both GKN and Alvis, the United Scientific armoured vehicle subsidiary, have said they will tender and the Government has also sent drawings to Vickers and, it is understood, to the ROF at Leeds, which currently builds the Army's main battle tank, the Chieftain.

Vickers and other potential competitors have until the end of next month to indicate an interest in bidding for some of the work, which some industry analysts believe will result in very tight profit margins for manufacturers.

People Express seeks extra flights to U.S.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PEOPLE EXPRESS the low-fare U.S. airline flying between Gatwick, London, and Newark, of New Jersey, is to ask the UK Civil Aviation Authority for additional flights on the route. It may also ask for rights to fly to the U.S. from two other English airports, Manchester and Stansted, Essex.

The airline's present licence limits the company to a daily return flight on the Gatwick-Newark route for summer periods until October 31. For the winter periods, the company is allocated only five return flights a week.

People Express feels this restriction unjustified, especially since it is also limited in the number of extra flights it can make when traffic reaches unexpectedly high levels. The airline wants changes in its licence to allow a greater number of flights weekly throughout the year.

"People Express' entire summer capacity already has been sold out, and our flights are experiencing 95 per cent load factors," the airline says.

"Indeed, when People Express opened reservations last month for additional Newark-London seats, all 40,000 seats on offer were sold out within four hours. People Express is turning away hundreds of prospective passengers every day because of the lack of seat availability."

Virgin Atlantic Airways, a new cut-price British airline started by Mr Richard Branson, is due to start flights on the same route from June 22. But People Express says the new service "will not even dent this phenomenal demand for low-fare transport."

People Express says it supported Virgin Atlantic's bid to fly the North Atlantic, but it insists that the two airlines should be allowed to compete on an equal footing.

It complains that the UK Government has set a March 1987 date for renewal of its UK licence, but no expiration date for the Virgin Atlantic permit, and that Virgin Atlantic is to be allowed daily flights throughout the year.

People Express will soon file with the UK Civil Aviation Authority its plans for future operations. It will seek increased frequencies and possibly also request a licence for flights to Newark from Manchester and Stansted.

● Mr Nicholas Ridley, the Transport Secretary, is planning to consult airlines about the future level of activity which will be permitted at Heathrow airport, London, after its fourth terminal opens late next year.

His department is preparing a consultation paper, to be published this month, which will seek the airlines' views, especially over the controversial question of limiting the number of aircraft movements at Heathrow.

BL truck workers end plant sit-in

BY OUR INDUSTRIAL STAFF

WORKERS AT the British Leyland truck plant at Bathgate, near Edinburgh, yesterday went against the advice of their local union leaders and called off an occupation of the plant in protest at its planned closure over two years.

The plant will close by 1986 with the loss of 1,800 jobs. BL has emphasised that there was no possibility of the closure decision being reconsidered and gave a warning earlier this week that Bathgate would close immediately and redundancy terms be withdrawn unless the sit-in ended.

One factor which swayed the decision to end the occupation was the announcement by a Lincolnshire tractor manufacturer, Marshall & Sons, that it was in talks with BL over the acquisition of part of the Bathgate complex.

Marshall bought Leyland's tractor business in 1981 and said it had now offered to buy the engine assembly line at Bathgate when the works closed.

Mr Hugh Wyper, Scottish regional organiser of the Transport and General Workers' Union, yesterday urged the workers to continue the occupation. There was no guarantee that any jobs would be saved, he said.

"If Marshall says it can make a go of this engine plant and make money out of it – and that's what they are in business for – why can't Leyland do the same," he asked. Mr Jimmy Swan trade union convener at Bathgate, said the Marshall bid was probably the last hope for the factory.

Marshall is interested in developing an engine at Bathgate to power a new range of tractors.

Land Rover makes changes to prepare for possible sale

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND ROVER, BL's four-wheel-drive subsidiary, is to cut the number of dealers in its UK network by about 9 per cent, from 330 to 300.

The company is also taking back its own worldwide spare parts distribution from another BL offshoot, Unipart.

The changes are part of the process by which the Land Rover company is being separated from the rest of BL to make it a possible candidate for return to the private sector.

That prospect, however, has faded considerably after the collapse of export demand for Land Rover products. BL reported recently that Land Rover UK incurred a £14m trading loss last year compared with a loss of £2m in 1982.

This does not give a clear indication of Land Rover's position because the figures include those of the Freight Rover company, which makes Sherpa vans, but excludes some of Land Rover's export business handled by Land Rover-Leyland International, a separate devision.

Land Rover started to strengthen its network in Britain last year when 50 dealers were sacked and others recruited.

Dealers have now been told by Mr Tony Gilroy, the managing director, the network will be trimmed to increase the average number of Land Rovers and Range Rovers sold by each outlet – thus improving dealers' profitability.

The company also wants to increase the number of exclusive Land Rover Centres from about 30 to 40.

In the UK last year, combined Land Rover and Range Rover sales were the best since 1975 and 12 per cent up on 1982. Some 2,991 Range Rovers (up from 2,696) and 6,768 Land Rovers (up from 6,004) were registered last year.

The new Land Rover Parts and Equipment organisation should be functioning fully by September. Mr Gilroy says it will shorten the links between the company and its customers and should be of particular benefit in overseas markets, where Land Rover can work closely with its customers on their stock requirements.

● The importer of Soviet-built Lada cars to Britain has given up attempts to move away from its bargain-basement pricing policy and today introduces a model costing only £2,499.

Only two other cars have lower list prices in Britain and both are built in Eastern Europe. The Fiat 126, from Poland, costs £2,098 and the Czechoslovakian Skoda 105 has a price of £2,428.

Skoda in particular benefited last year when Lada tried to move upmarket as it introduced the Riva, an improved version of the Soviet car. This basically offered a new body on the old Lada mechanical parts derived from an out-of-production Fiat, the 124.

The UK Lada company, owned by the Satra Corporation of the U.S., charged what for Eastern European products was a premium price for the newcomer. The Riva's minimum price until today was £2,549.

Lada registrations rose from 16,752 to 19,225 last year but did not keep pace with the overall sharp increase in car sales. Lada lost market share slightly, from 1.08 per cent of the UK market to 1.07 per cent.

So far this year, the marque has lost both in unit terms and market share. By the end of April its penetration was down to 0.8 per cent.

Mr Keith Kaye, Lada's UK finance director, said yesterday the company had started 1984 expecting to sell about 18,000 cars this year, but the total would probably be 16,000. In Lada's peak year, 1979, its registrations reached 22,270.

Lada sales are not expected to rise substantially until a new front-wheel-drive model, designed in the Soviet Union with help from Porsche of West Germany, is launched.

Licensees face oil technology conditions

By Dominic Lawson

THE GOVERNMENT is to step up its requirement that British companies should become involved in research and development (R&D) in the UK offshore oil and gas industries.

Mr Alick Buchanan-Smith, Energy Minister, said yesterday that ninth round licence applications by oil companies will be judged on their commitment to involve UK industries in the generation of the new offshore technology, and in the placing of research and development projects.

In the previous licensing round emphasis was placed for the first time on the need for licensees to involve UK industry in R&D, but this round will be the first in which this will be made a specific condition for licence awards. The oil industry's complicity with this requirement would be monitored by the Offshore Supplies Office.

The Department of Energy's new commitment comes weeks after the formation of an organisation set up to press for greater UK company involvement in the development of UK offshore oil and gas. Mr Buchanan-Smith's speech at the Institute of Petroleum annual conference in Aberdeen was something of a pre-emptive strike.

Today, Mr Ian Wood chairman of the John Wood Group will make a speech at the conference and complain about lost opportunities in establishing a British indigenous offshore oil service industry.

Mr Buchanan-Smith said he was against "the featherbedding" of the UK offshore supply industry, but tax incentives to encourage the transfer of technology to UK companies were a possibility.

He added that a government decision on whether to approve British Gas's proposed £20bn acquisition of gas from Norway's Sleipner field would happen "shortly." He denied that the Government was guilty of bureaucratic inertia

Companies have 'little control' over employee expenditure

BY ARTHUR SANDLES

BRITISH BUSINESS spends £13bn on travel, subsistence and entertainment and, by and large, has very little control over what goes where. At any one moment some £780m is in employees hands in the form of advance expenses.

These are but two of the findings of research by Business Decisions carried out for American Express. Amex, keen to promote its own services, announced the findings with the launch of a new business travel programme. But even given this declared interest the findings might be seen as alarming.

An initial approach to 8,000 companies was honed down to close questioning of more than 1,000 enterprises in sectors ranging from heavy industry to newspapers, banking to electronics. It was discovered that 27 per cent of companies never checked expense accounts. Only 60 per cent had a regular checking procedure.

The single most important person in most companies was the secretary "whose decision is law with over half of all companies." In-house travel managers were involved in only 6 per cent of company travel decisions. Until the number of employees travelling reached 75, few companies had any central planning of travel costs.

Researchers estimated that travel and related expenses accounted for twice the value of the corporation tax bills and well over double the value of what went to local authorities in property taxes.

The overall figures only included running costs. They did not, for example include the capital expenditure on company cars, aircraft, apartments or private dining rooms.

"The main responsibility for checking expenses usually rested with department heads (in 49 per cent of companies) and finance departments (41 per cent). In a surprisingly large number of companies though, responsibility rested with the board of directors who examined expense claims in no fewer than 30 per cent of companies."

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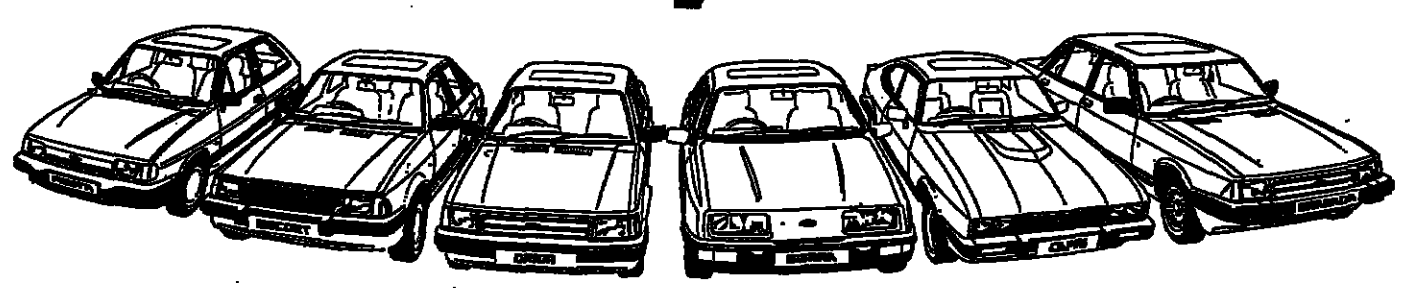

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UK NEWS

Brokers examine the prospects for privatised British Telecom

Healthy future seen for BT

BY GUY DE JONQUIERES

"BRITISH TELECOM is in our view not a utility, but it cannot yet be viewed as a growth company," say London stockbrokers de Zoete and Bevan in their analysts' report on the state-owned organisation, which is due to be privatised later this year.

The 250-page report, the first detailed analysis published by a City of London institution of BT's performance and prospects, is largely positive in its conclusions. It believes BT can achieve sustained real increases in pre-tax profits up to 1988 and will have no difficulty generating the cash needed to finance investment and expansion. Its main reservations concern BT's ability to cut costs and its scope for rebalancing tariffs.

De Zoete and Bevan believe BT will be able to live quite comfortably with the regulatory system decided by the Government, and that the planned structure of its balance sheet is satisfactory. Though competition is expected to grow, it is unlikely to have a serious impact on BT's performance over the next five years.

The report says if the £750m of preference shares which BT will issue to the Government are included in its balance sheet it appears quite highly geared, with a 72 per cent gearing ratio as of last March. But if the preference shares are excluded, its net debt-to-equity ratio falls to 57 per cent, a ratio which should ensure BT's creditworthiness.

Although BT will have to fund much higher capital servicing costs and tax payments after it is privatised, it will have no problems maintaining a strong cash flow in the foreseeable future. The report estimates that it will produce gross cash flow of more than £10.8bn in the next four years and will not face a cash outflow before 1987.

The report compares BT favourably with U.S. utilities and ranks it as a more attractive investment than was American Telephone and Telegraph (AT&T) before it was broken up at the start of this year.

It says BT's return on capital is higher than AT&T's, that its external financing needs are much smaller and BT will suffer less onerous regulation than has been imposed on AT&T.

The report forecasts that BT's pre-tax profits from its existing businesses will grow by 11 per cent annually on average to £1.73bn in 1988 from £1.03bn, assuming a 5 per cent annual inflation rate. That will be faster than the growth of revenues, which are expected to increase by about 9 per cent annually to £9.9bn in 1988 from £6.4bn in 1983.

It considers that BT's £1.25bn pension liability – part of which is indexed – is unlikely seriously to affect profits in future.

Assuming average capital spending of £2bn a year over the next four years, BT should be able to reduce its net debt to equity ratio from 57 per cent to 39 per cent by 1988. During that period, it should be able to accumulate about £1bn to finance future acquisitions or joint ventures.

"In our opinion, BT is overmanned and has above average scope to improve efficiency" the report says. It suggests that pre-tax profits could increase by as much as 15 per cent a year up to 1988 if its staff, currently numbering about 240,000, was reduced by 5,000 a year and wage drift held to 2 per cent a year.

But the authors doubt BT can make radical manpower savings soon and assume annual staff reductions of only 2,000 up to 1988 – a result which would be "very disappointing." They point out that BT has not yet installed much labour-saving electronic equipment in its network and has a statutory duty to continue many loss-making services.

Staff reductions may be easier to achieve if labour can be redeployed in new growth areas outside BT's traditional businesses. But that will require major changes in attitudes in BT's management, which "has often been cocooned from commercial realities in the past." BT's ability to control revenues and costs is also handicapped by an inadequate internal accounting system.

The report suggests that new services, such as digital private circuits and value added network services could grow rapidly in the next five years. But profits from customer apparatus are likely to fall over that period, as BT's rental base is eroded by a trend towards outright sale and its market share is reduced.

BT's efforts to enter the office automation market are described as disappointing so far.

De Zoete and Bevan suggest that by 1988 Mercury, the privately financed network, could be taking £380m of revenues from BT, though it calls this estimate "generous."

Mercury has yet to build a network and establish commercial credibility, although BT's antiquated network and regulated tariffs could make it vulnerable to competition in the next five years.

BT's highly profitable international services will not be regulated, but tariffs are expected to remain static as a result of competition from Mercury. The impact is likely to be largely offset, however, by continued fast growth of volume, estimated at about 13 per cent annually.

BT's overall performance will depend critically on its Local Communications Services (LCS) division, which operates the inland public telephone network and contributed about two thirds of total revenue last year.

The report suggests that the obligation on LCS to keep the average tariff increases for most of its services 3 percentage points below the rise in the retail price index for five years after privatisation should not greatly hinder BT's overall performance.

It argues the formula will give BT more protection against inflation than is available to most quoted companies.

However, the report contends that regulation is likely to limit BT's ability to rebalance its tariffs by increasing its charges for residential services while reducing prices for its services to business customers. This process will be essential if BT is to respond fully to competition in its most profitable businesses.

De Zoete and Bevan say that though residential customers are not a burden to BT, profitability levels are inadequate and are likely to decline further. The report forecasts that the return on capital in this field will fall to 7.4 per cent in 1988 from 8.9 per cent in 1983.

The profitability of business services is also expected to fall, though to a lesser degree. The return on capital is likely to remain acceptable, declining to 15.9 per cent in 1988 from 18 per cent in 1983.

The most severe problem which BT faces is in residential line rentals, which accounted for an estimated £885m, out of total residential revenues of £1.9bn, last year.

BRITISH TELECOM: FORECAST OF FINANCIAL PERFORMANCE (£m)

	1983	1984	1985	1986	1987	1988
REVENUE						
Public switched telephone network	3,868	4,135	4,450	4,750	5,050	5,380
International	1,139	1,275	1,450	1,660	1,900	2,150
Apparatus	826	900	1,000	1,050	1,100	1,150
Services	581	640	750	900	1,050	1,200
Total Revenue	6,414	6,950	7,650	8,360	9,100	9,880
Total costs	5,383	5,945	6,345	6,880	7,505	8,150
PRE-TAX PROFITS	1,031	1,005	1,305	1,480	1,595	1,730
Tax			155	592	558	605
Preference dividends			46	62	62	62
Attributable profits	1,031	1,005	1,104	826	975	1,063
Ordinary dividends			210	371	393	417
Retentions	1,031	1,005	894	455	582	646

Source: de Zoete & Bevan

UK NEWS

Moves to beat the kidnappers

Charles Batchelor reports on the consultancy and insurance services which specialise in dealing with the threat of kidnap and extortion facing companies, employees and individuals.

THE BRITISH general manager of an international trading group's subsidiary in a Latin American country steps out into the morning sunlight, waves goodbye to his wife and two daughters and gets into his chauffeur-driven car.

At the limousine slows for the first set of traffic lights into town, a lorry pulls out behind it and blocks the chauffeur's rear view. The car's nearside door is jerked open, a masked man thrusts a sub-machine gun into the executive's chest and he is pulled struggling from his car.

For a few days nothing is heard of him. Then a long-standing friend of the missing man receives a telephone call from a cold-voiced stranger. The friend should look for a package left nearby. A note inside explains that the victim has been taken by the Revolutionary Commando of March 15. If his wife, family and colleagues want to see him again, a ransom of $10m must be paid.

The next morning, a telephone rings in a suite of offices in London's Westminister. Mr Arish Turle, managing director of Control Risks, a company which specialises in handling kidnap negotiations, picks up the phone. He listens while a worried colleague of the kidnapped man explains the situation. The counter-offensive has begun.

"It's a growth industry," says Mr Turle. "There is not the publicity there used to be so it is less visible. But the numbers of incidents and the amounts of ransom are greater than five or six years ago. Kidnap is carried out more for money now than for the dramatic political gesture."

Mr Turle can field a team of 30 specialists trained in dealing with kidnap and extortion attempts. His company has handled 140 cases in its 10-year existence. More than 200 companies, including many of the world's 50 largest industrial corporations, subscribe to its information service, which warns of potential terrorist threats.

Control Risks has advised negotiators facing total demands of $582m and succeeded in reducing the total ransom paid to $94m. All but three of the victims lived.

Lloyd's, the London insurance market, invented the modern concept of kidnap and ransom (k and r) insurance and now takes $40m (£28m) worth of premiums a year out of the world total of $65m. Most of the rest goes to three U.S. insurers, Chubb Corporation, American International Group and Republic Insurance.

People involved in kidnap and ransom insurance have traditionally kept a very low profile, conscious of the charge that their activities might encourage the crime.

Mr Bill Davis, a director of Cassidy Davis, the Lloyd's underwriting firm which insures most of the k and r business conducted in London, says: "We walk a tightrope of responsibility. Insurance handled the wrong way could be seen as working against public policy, which is to stamp out kidnapping.

"We must not allow more people to become victims, let kidnappers extract more money – or the same amount more quickly. Nor must we impede the forces of law and order."

To counter possible objections, k and r policies contain a number of safeguards. "The client has to be known to the broker or his agent," Mr Davis says. "We would not take on an obscure private company in South America or an unknown Italian family. We would never cover someone beyond the value of their assets. A family, for example, has to act as though it were uninsured. Members would have to sell their homes to raise the money to meet a ransom demand. They could not use their insurance policy to raise a bank loan.

"We never make a payment directly to a kidnapper or a terrorist. We only reimburse the insured person. We also require clients to establish procedures so that they are reasonably prepared for a kidnap attempt."

The wave of spectacular political hostage-taking which swept Europe in the 1970s appears to be over. But the kidnappings in recent months of Mr Alfred Heineken, the Dutch brewery millionaire, of Sra Anna Bulgar Calisoni, the Italian jewellery store heiress, and of Mr Don Tidey, the Irish stores executive, show that Europe remains a theatre for the kidnap gangs.

Although kidnap remains a particular threat in the lesse developed parts of the world, the industrialised countries face a growth in extortion attempts linked to threats to bomb or to poison a company's products.

By the mid-1970s London-based underwriters were writing ever-increasing volumes of kidnap and ransom cover. Hogg Robinson, a large insurance broker, decided to set up Control Risks as a specialist consultancy to reduce the risk to clients – just as companies which insure against fire can call on fire prevention specialists.

"The family or colleagues of the victim are usually dealing with the situation for the first time," says Mr Turle. "They are unfamiliar with how to minimise the danger to the hostage, how best to reach a compromise and how to reduce the ransom amount.

"Control Risks got off to a very slow start," he adds. "We had difficulty persuading the insurers that they should accept outsiders' advice and both brokers and underwriters were sensitive." Two years ago the directors of Control Risks staged a management buyout from Hogg Robinson.

Since then it has expanded rapidly. Control Risks now handles £2.25m worth of business a year compared with only £100,000 in 1977. It has a number of much smaller rivals in the UK, many of them one-man operations. In the U.S. the Miami-based firm of Ackerman and Palumbo provides a similar service.

Control Risks claims its experience of 3,800 days spent advising on kidnap negotiations is unrivalled. If a member of a wealthy family is kidnapped, a Control Risks director and a consultant will fly out to join the family. The two men will spend about three days assessing the situation, after which the director will return to London. The consultant stays to advise on the conduct of day-to-day negotiations.

"We maintain the man in the field until the hostage is released, whether it takes two weeks or 18 months," says Mr Turle. "Each kidnap will be handled by a team of up to three consultants who are rotated, usually on a three-weekly basis. We support them from London with advice and intelligence."

Control Risks also provides an information service to its clients on the likely terrorist threat to corporate and personal security worldwide. Its research team in London continually updates its monthly reports on 62 countries from published news sources and from its team of 40 "stringers" – many of them former diplomats, academics and former government officials – based around the world.

It provides detailed security advice to companies operating in foreign countries on how to monitor a threat and develop a contingency plan so that executives will know how to handle a kidnapping. It has set up a subsidiary, Asset Protection International, to provide a similar service to government clients.

How much does this cost? The information and security advice is in most cases provided as part of the insurance cover if the client is insured. For uninsured clients the annual subscription to the information service is £1,500. Consultant advice during a kidnap costs £600-£700 per man day, although these fees too will be met in full by the underwriter if the victim is insured.

Control Risks argues that, apart from the threat to life and limb, the consequential losses which can result from a kidnap, usually the disruption of the company's business, can be enormous. They will often far exceed the actual ransom paid.

In the early days k and r business was also a drain on the insurers. Cassidy Davis lost its entire premium income in one three-week period as a result of claims in the early 1970s. But it says that over the past 10 years its k and r business has been profitable.

The cover has evolved since the early days and is now frequently a wide-ranging insurance. Companies often seek cover against the risk of a family suing if an executive is killed or against shareholders suing if they think too large a ransom has been paid.

Cover worth $20m for a multinational company is not uncommon, but for individuals the cover may not exceed their assets. The premiums depend mainly on where the client lives or is based. A premium of 0.5 per cent of the cover might be charged for an individual, rising to 5 per cent for a large family in Italy.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
1	2	3	4	5	6	7

Theatre

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend. Dot. (2396262).

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (9779020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (9449450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (2390200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (2460246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (9779370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (7578646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (2396200).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (4963000).

WASHINGTON

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, facing John Wylie as King Charles. Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (5464000)

Happy End (Arena Stage): The final production of the subscription series is the Brecht-Weill musical with a cast of 24 directed by Garland Wright. Originally the sequel to Threepenny Opera, set in Chicago in 1919, it stars Marilyn Caskey as the Salvation Army soul saver. (4883300)

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (9302578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (4373686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (8362660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (4371592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (8368888).

Serjeant Musgrave's Dance (Old Vic): Notable cast headed by Albert Finney, Eileen Atkins and Max Wall in a limited season revival of John Arden's fine play. (9287616).

Pygmalion (Shaftesbury): Peter O'Toole is ridiculously mesmerising as Higgins in an otherwise coarse revival of this resiliently entertaining play. John Thaw is a robust Doolittle, Joyce Carey a fragile Mrs Higgins, Jack Watling a compliant Pickering, Jackie Smith-Wood an earthy but dubiously Cockney Eliza. (8366596).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (9306606).

Opera and Ballet

LONDON

Royal Opera, Covent Garden: This month the opera company takes over the house for a spate of performances more numerous than usual. In the forefront is the new production of Aida by Jean-Pierre Ponnelle, conducted by Zubin Mehta, with a cast led by Katia Ricciarelli and Luciano Pavarotti. Final performance of the current L'elisir d'amore revival, which will mark Sir Geraint Evans' last appearance on the opera stage. Tatiana Troyanos' Celebrity Recital is a rare London appearance by a lustrous and distinguished singer. (2401066).

Coliseum: London Festival Ballet with Giselle and Swan Lake. (8363161).

PARIS

Iphigenie en Tauride alternates with Soiree Stravinsky conducted by Hugo Fiorato/Claude Schnitzler, choreography by George Balanchine, Paul Taylor, Kenneth MacMillan and Niels Christe at the Opera de Paris. (7425750).

Manon, first produced at the Opera-Comique 100 years ago, returns in a new production conducted by Reynald Giovaninetti/Claude Schnitzler with Catherine Malfitano/Michele Lagrange in the title role and Eva Saurova as Javotte. Salle Favart – Opera Comique (2960611).

Starts and Ballet Corps of the Paris Opera dance Midsummer Night's Dream as a John Neumeier Ballet at the Palais des Sports (8284010).

Larrio Ekson and Juliette Naylor, choreography by Maurice Bejart and Larrio Ekson (6.30pm), and Paul Taylor Dance Company, which celebrates its 30th anniversary with an all-embracing diversity of inspiration (8.30pm). Théâtre de la Ville (2742277).

NEW YORK

New York City Ballet (New York State Theater): 37 repertory works, including 24 by George Balanchine and 10 by Jerome Robbins, comprise the spring season, featuring on Wednesday the Annual Spring Gala with a preview performance of a collaborative work by Twyla Tharp and Jerome Robbins. Ends June 24. Lincoln Center. (8705570)

American Ballet Theatre (Metropolitan Opera House): Ends June 16.

The New Moon (Light Opera of Manhattan): Sigmund Homberg's tale of French Louisiana in the 17th Century includes the songs Wanting You and Lover Come Back To Me. Ends May 27. 334 E 74th. (8612268).

WEST GERMANY

Berlin, Deutsche Oper: The week starts with Der Barbier von Sevilla featuring Catherine Gayer and Alejandro Ramirez. Otello, sung in Italian, has an all-star performance with Vladimir Atlantov and Kaja Borris. Der Wildschütz is of respectable standard with Helga Wisniewska and Barry McDaniel. La Traviata is perfectly cast with Lucia Aliberti and Piero Cappuccilli. Ariadne brings together Hildegard Behrens, Ruthild Engert and Sylvia Greenberg. Don Pasquale has Karin Ott in the role of Norina. (34381).

Hamburg, Staatsoper: La Traviata has Eugenia Moldoveanu in the title role. The new production of L'Orfeo is staged by Erich Wonder and conducted by Jeffrey Tate. Rüdiger Wohlers appears in the title role. Zar und Zimmermann is a well done repertoire performance. Der Rosenkavalier closes the week. (351151).

Cologne Opera: A new production of Rossini's rarely-played La Gazza Ladra by Michael Hampe, conducted by Bruno Bartoletti, starts Elena Cotrubas, Nucci Condo and Alberto Rinaldi. Werther returns with Kathleen Kuhlmann and Juan Lloveras. Also offered Don Pasquale. (20761).

Frankfurt, Opera: Don Pasquale, the last time this season, has Barbara Bonney, one of the brightest young talents on the operatic scene, in the part of Norina. Harry Kupfer's production of Lulu, with a complete third act, has Nancy Shade making her debut in the title role. Ein Maskenball convinces thanks to Mara Zampieri as Amelia and Luis Lima as Oscar. (25621).

Stuttgart, Württembergisches Staatstheater: Philip Glass' opera Echnaton, composed for Stuttgart Opera, is produced by Achim Freyer. Counter-tenor Paul Esswood is outstanding in a cast of high standard. A further performance is Don Pasquale. (20521).

Munich, Bayerische Staatsoper: Fidelio has James King in the part of Florestan. Puccini's two one-act operas Il Tabarro/Gianni Schicchi are finely interpreted by Cornelia Wulkopf, Giorgio Lamberti and Garbis Boyagian. The Magic Flute is worth a visit with Peter Schreier, Lucia Popp and Kurt Moll. La Bohème conducted by Guiseppe Patane stars Gabriele Benackova and Bodo Brinkmann. (21 801).

ITALY

Turin: Teatro Regio: A new production of Così fan tutte directed and with scenery and costumes by Sylvano Bussotti, conducted by Zdenek Macal. Singers include Enzo Dara, Dalmacio Gonzales and Carman Lavani. (54800).

Milan: Teatro alla Scala: Lucio Silla' – a rarely-performed opera by Mozart conducted by Sylvain Cambreling. Co-production with the Theatre Nanterre and the Théâtre Royal de la Monnaie, Brussels. (809126).

Rome: Teatro dell'Opera: Three ballets to celebrate the 80th birthday of the composer Goffredo Petrassi. Portrait of Don Quixote, The Madness of Orlando and 8th Concerto – the latter with choreography by Micha van Hoecke and scenery by Giulio Turcato. (461755).

Naples: Teatro San Carlo: First modern performance of Niccolo Jommelli's opera La Schiava Liberata directed by Roberto de Simone with Alan Curtis conducting his Complesso Barocco (418266).

VIENNA

Staatsoper: Il Trovatore conducted by Hans Graf. (Tue): Der Rosenkavalier conducted by Seipenbusch (Mon and Thur). Staatsoper (5324/2655).

The American Dance Machine on a guest visit perform original dance routines from classical Broadway musicals. Theatre an der Wien. (577151). Ends June 10.

Cinema/Nigel Andrews

From the backstreets of Cannes

Cannes: The last round up
Man of Flowers, directed by Paul Cox
Strangers Kiss, directed by Matthew Chapman
The Terry Fox Story, directed by Ralph Thomas
The Naked Face, directed by Bryan Forbes
Breakdance, directed by Joel Silberg
The Evil That Men Do, directed by J. Lee Thompson
Blind Date, directed by Nico Mastorakis

Alyson Best and Sarah Walker

The critic returning to London from Cannes is likely to be smote amidships by a sense of *déjà vu*. All but two of the seven new films opening this week have already made their bow in the Cannes Film Festival market, that thriving cross between Sunset Boulevard and Petticoat Lane where new films are screened non-competitively in back-of-town cinemas.

To those gazing at the Cannes myth from afar—on TV or in the Press—the usual picture is of crisp white hotels, topless starlets and the eternal pop of flashbulbs as VIPs in evening dress process in and out of the Palais. But the backstreets Bohemia of the Cannes market, where anyone in evening dress would probably be thrown out as a suspicious drunk and where a popping flashbulb would be as shocking as a gunshot, is just as integral to the festival's plural richness. This year the market edged close to the competition for quality in quantity; with Francesco Rosi, Jacques Rivette, John Sayles, Anthony Harvey, Dick Lester, Bill Forsyth and other among the conjurable names unveiling their new wares.

Before homing in on the films which have reached Britain, a brief round-up of the outstanding films which haven't — but may do given a few encomiastic column inches. Prize for Best Fresh-Out-Of-Nowhere Film goes to Joel Coen's superb *Blood Simple*: a low-budget U.S. murder thriller of gleaming visuals and serpentine plot. Coen, in this Texas-set tale of adultery at bay and a husband's boomerang bid for vengeance, devises an O. Henry-ish plot and films it with the infernal grace of a Scorsese. The most exciting debut film of the year so far. Best Comedy award goes to Dick Lester's new *Finders Keepers*, a slapstick road movie full of wit without strain (unlike his *Superman 3*) which should have less difficulty collaring a British distributor. And Best European Brain Twister is Rivette's *L'Amour par Terre*, a Chinese-box fable of imagination vs truth, set in a château and starring Geraldine Chaplin, Jane Birkin and others, all going gaily gnomic in fluent French.

Meanwhile the best of the Cannes imports now hitting Britain is Australia's *Man of Flowers*, an eerie study in loneliness written and directed by Paul Cox. Norman Kaye plays the rich, reclusive fiftyish Mr Bremer, whose hobbies include collecting flowers and antiques and thundering gently away on the church organ. (And sometimes not so gently: "Mr Bremer, the *whole* church is *quivering!*" says the verger in one scene.) And whose sex life consists of weekly appointments with young Lisa (Alyson Best), whom he hires to strip slowly in front of him to the music of *Lucia di Lammermoor*. He also pours out his joys and troubles in letters to his dead mother, which he posts to himself, and in sessions with his long-suffering Jewish analyst (Bob Ellis).

This tragicomedy of an off-kilter mind unfolds in quiet lapidary scenes, more like *tableaux vivants* than movie sequences (Cox used to be a still photographer), and there are sudden darts into more shuddery home-movie-style footage for Bremer's memories of his parents. (Dad is played, with gaunt skull, slicked-back hair and piercing eyes, by Werner Herzog.) The only snag is that Cox has lavished so much obsessional care on his hero, beautifully played by Kaye as a pained and monkish dilettante ever walking on spiritual eggshells, that the other characters are tokenist by comparison; including pretty Lisa and her two lovers, boorish action-painter David (Chris Haywood) and pale-and-uninteresting lesbian Jane (Sarah Walker). But it's still a haunting, touching film, providing just the kind of individualistic kink that the lately too-predictable parabola of Australian cinema needs.

Matthew Chapman's *Strangers Kiss* is one of those let's-make-a-movie-about-movie-making movies. It's a likable Pop Art impromptu set down in a 50s Never-Never-Land—somewhere between *The Big Knife* and *The Bad and the Beautiful*—and giving us a gift-wrapped quartet of human stereotypes: the aspiring starlet (Victoria Tennant), the gangster lover (Richard Romanus) who funds her first film, the plug-ugly co-star who falls for her (Blaine Novak) and the gravel-voiced imperial director (Peter Coyote).

If you indulge the film's tendency to lollop from one pastiche *jeu d'esprit* to another rather than powering along on a purposive plot, there are rich moments here. Not least those depicting the problem of noses in kissing scenes, those exploiting the tangy growl of Coyote's martinet director, and those contributing to the increasingly cunning way the film-within-a-film takes over the terrain of reality: with the jealous gangster finally left high and dry on the studio catwalk, powerlessly watching his girl and her leading man consummate in the roofless fantasy-realm of her Werner set bedroom. The beautiful mock-50s colour photography, lurid and angular, is by Mikhail Suslov.

"Next year I'm going to run across Canada" brays the title hero of *The Terry Fox Story*; much to the shock-horror of his family who are still recovering, like us, from the fact that he's just had a leg amputated for cancer. This true story of courage beyond the call of duty, not to mention sanity, bids fair to be called a Canadian *Champions*. With the difference that it was made before that heart tug-on-horse-back epic, and for humanity, vitality and charm knocks it into a cocked also-ran.

Ralph Thomas directs Fox's one-man "Marathon of Hope" — as he sets off on one real leg and one metal one to foot it from Newfoundland to Vancouver — as an essay in hale and haughty heroism. Eric Fryer, a real-life amputee, pounds across the exhausting miles with a fierce temper, a shock of curls, an occasional grin and an ever-willing pendulum limb; the crowds surge round him after initial indifference; and cavern-eyed Robert Duvall pops up midway as a volunteer publicist and donation-gatherer for Cancer Relief. The will-he-make-it suspense lasts the full 97 minutes, and who could fail to warm to a hero who sits down in a diner after a hard day's roadwork, glances at the bill of fare and then says, "Give me everything on this side of the menu—and a milk shake."

The Naked Face and *Breakdance* both enjoyed their first trial runs in the Cannes market, horses-for-courses from the Cannon Films stable. *The Naked Face* is a frisky thriller, filmed from a Sidney Sheldon novel by Bryan Forbes, in which psychiatrist Roger Moore sets out to soothe the suspicious minds of detectives Rod Steiger and Elliott Gould as his (Moore's) patients start to die all over the place. They are being variously punctured, plugged or perforated by persons unknown. Whodunnit? Gould goggles (is he all he seems?) and Moore performs his usual pyrotechnics with his left eyebrow; but the honours go to Steiger, pop-eyed and snarling, for the magnificent madness in his Method.

Breakdance, by contrast, should have had the stable door shut on it at an early stage. This runaway nag in dancing shoes scores six out of ten for hoofing energy but zero for wit, script and characterisation. Directed by Joel Silberg and enacted by a team of young unknowns who break out into deafening dance on every street and sidewalk, it's like *Flashdance* remade as a form of torture.

Which leaves *The Evil That Men Do* and *Blind Date* clinging by their fingernails to the overcrowded movie week. You are not encouraged to haul either up into your own film going lives. In the first, Charles Bronson gives his usual rictus-mugged performance, flexing every muscle below the neck and none above as he pursues a torturer across South America. And the second, directed by one Nico Mastorakis, is a certifiably silly thriller involving Joseph Bottoms, Keir Dullea and a series of "scalpel murders" in modern Athens. Beware of Greeks bearing pseudo-Hollywood B-movies.

Music

LONDON

Soviet Emigre Orchestra conducted by Lazar Gosman. Mozart, Shostakovich/Gosman, Purcell/Britten and Tchaikovsky. Queen Elizabeth Hall (Tue). (9283191).

Claudio Arrau, piano. Beethoven, Schubert, Chopin, Liszt, Debussy and Brahms. Royal Festival Hall (Wed). (9283191).

Martino Tirimo, piano. Queen Elizabeth Hall (Thur). Schubert, Beethoven, Debussy and Liszt.

Ronnie Scott's, Frith Street: Superjazz Big Band. (4390747).

PARIS

Christa Ludwig, Paul-Emile Deiber recital, Eric Werba, piano: Schubert, Schumann, Liszt, Wolf, Brahms, Goethe's poems as Lieder (Mon). Théâtre de l'Athénée (7426727).

Cracow Philharmonic conducted by Krzysztof Penderecki, Konstansky Kjlka, violin: Penderecki (Mon). TMP-Châtelet (2334444).

Catherine Thison, piano: Schumann, Beethoven, Chopin (Mon). Salle Gaveau (5632030).

Ensemble Orchestral de Paris with Philippe Entremont as conductor and soloist, Philip Bride, violin, Wolfgang Schulz, flute: Mozart, Mendelssohn, Schubert (Tue). Théâtre des Champs Elysees (7234777).

Orchestre National de France conducted by Seiji Ozawa with Radio France Choir: Debussy, Ravel (Tue). TMP-Châtelet (2334444).

Chantal Stigliani, piano: Bach, Schubert, Bartok (Tue). Salle Gaveau (5610630).

Paul Kuentz Orchestra and choir, Maurice Andre, trumpet: Albinoni, Haydn, Corelli (Tue). Saint-Séverin Church (6338761).

Arocea, Choir Festival 1984 (Tue, Wed). Salle Pleyel (5610630).

Perlemuter, piano: Chopin, Ravel (Wed). Théâtre des Champs Élysees (7234777).

Nouvel Orchestre Philharmonique conducted by Friedemann Layer, Malcolm Frager, piano: Mozart, Schubert (Thur). Salle Gaveau (5632030).

Prague Philharmonic Orchestra and choir conducted by Jiri Belohlavek: Dvorak Requiem (Thur). TMP-Châtelet (2334444).

CHICAGO

Chicago Symphony (Orchestra Hall): Klaus Tennstedt conducting, Edith Peinemann violin. Weber, Mendelssohn, Strauss. (Thur). (4358122).

VIENNA

Teresa Berganza with Juan Antonio Alvarez Parejo, piano (Mon) Musikverein. (658190).

Vienna Symphony Orchestra conducted by Gunther Wand. Bruckner's Fifth Symphony (Wed). Musikverein.

ZURICH

Tonhalle: University of Michigan Symphony Band. Strauss, Kabalewski, Hindemith, Nixon, Holst and Grainger (Tue): Tonhalle Orchestra conducted by Christoph Eschenbach. Beethoven (Wed).

New York Romanticism

The New Romanticism – A Broader View is the theme of this year's post-season Horizons festival at the New York Philharmonic. This public forum for works developed through the Composer in Residence programmes involves ten composers and nine orchestras in world premieres by Robert Beaser, George Crumb, Diamanda Galas, Joan La Barbara, Roger Reynolds, Charles Wuorinen and Joji Yuasa. Zubin Mehta, one of nine conductors participating in the 10-day event, will conduct the U.S. concert premiere of the young Glaswegian composer Oliver Knussen's 40-minute opera, Where The Wild Things Are, based on the children's book by Maurice Sendak, who also designed the scenery.

The festival also features conducting stints by composers Charles Wuorinen, Krzysztof Penderecki and Hans Werner Henze as part of organizer Jacob Druckman's theory that "a burgeoning romanticism (is) expressed in much of today's music". The theory is being explored both in the full schedule of concerts and extensive symposia that feature composers discussing their music with the audience before the concert begins. Soloists participating in the programme include the American Brass Quintet, pianist Emanuel Ax, Speculum Musicae and flautist Harvey Sollberger.

Now in its second year, Horizon Festival will for the first time have computer music in the programme as part of the wide net of new music that goes beyond romanticism to what Mr Druckman, composer in residence at the New York Philharmonic, calls "other fascinating musics that co-exist with" his search for the new romanticism. Ends June 8. Avery Fisher Hall Lincoln Center (7999595).

Frank Lipsius

Exhibitions

PARIS

Camille Claudel: 79 sculptures accompanied by paintings, drawings and engravings prove the individuality of Rodin's pupil who, through her realism and, later on, a sense of the theatrical, found her own way. Musée Rodin. Closed Tue. Ends June 11 (7050134)

Masterpieces of American Painting 1760-1910. More than 100 paintings – among them Whistler's Mother, Sargent's Madame X and Mary Cassatt's Impressionist work – span 150 years of American creation. The panorama of realistic portraits, dramatic landscapes, genre scenes and symbolist paintings culminating with Homer and Eakins and proves abundantly that the New World did not have to wait for the contemporary period to affirm a powerful identity of its own. Grand Palais (2615410). Closed Tue. Ends June 11.

NEW YORK

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

WASHINGTON

German Expressionist Sculpture (Hirshhorn): This is the first comprehensive look at works in plaster, bronze, wood and porcelain from the first two decades of this century in Germany. Included in the show of 33 artists and 120 sculptures are Max Beckmann, Emil Nolde, Wilhelm Lehmbruck and Ernst Barlach. Ends June 17.

CHICAGO

Museum of Contemporary Art: Italian sculptor Giuseppe Penone concentrates on the interaction of man and nature by, for instance, growing potatoes in moulds of his sensory organs and then casting the agglomeration in bronze. The artist will create a 20 foot drawing on one wall of the museum that will be erased at the end of the show. Ends Aug 8.

LONDON

The Hayward Gallery: English Romanesque Art 1066-1200 AD – a dense and weighty exhibition in every sense, perfectly self-explanatory nevertheless, quite magnificent and altogether a revelation. It treats on the sculpture, architecture, fine craft and illumination of England at a most particular and crucial period. Ends July 8.

The Royal Academy: 216th Summer Show – by tradition the event that brings in the London Season, and the middle classes in their masses. It is always something of a muddle, as would be any show of many hundred works chosen from several thousand sent in. This year, with 1757 from more than 12,000, the Summer Show is the largest ever. But it is still enjoyable, if you can take the terrors as they come, and make the effort to look for the very many good things by Academicians and outsiders alike. The Academy's membership has been gaining in strength over many years, and now has rather more than a fair claim to occupy the centre of the British Art Stage. Peter Blake, Eduardo Paolozzi, Allen Jones and John Hoyland are only some of the most recent elections. Ends August 19.

WEST GERMANY

Essen, Villa Huegel: the former residence of the Krupp family, now an arts centre, presents treasures from Peru – among them more than 500 priceless exhibits never shown before outside the country. The 800 artefacts, from 2,000 BC, beautifully document Peru's cultural development. Ends June 30.

Stuttgart, Staatsgalerie: 500 graphical masterpieces from the 15th century to date are shown here on the occasion of the opening of the new house. Ends June 10.

BRUSSELS

Treasures for the Table: Gold and silverware, porcelain and glass from Vienna, Paris and Brussels, including part of the solid gold service made for the Empress Maria Theresa and Louis XV's Sevres service offered to her to commemorate the Franco-Austrian alliance. Credit Communal Passage 44 until June.

ITALY

Rome: Accademia di Francia (Villa Medici): In 1884 Claude Debussy won the coveted Prix de Rome, which allowed artists and musicians to study in Rome for two years. He said ungratefully: "Rome is a really ugly city, full of marble, fleas and boredom". He described his room in the entrancing Villa Medici as an "etruscan tomb". The city, forgivingly, celebrates the centenary of his stay with an exhibition, Debussy and Symbolism. His symphonic poem, La Mer, was composed while staying at Fiumicino near Rome. Ends June 3.

Boudin in Paris

Robert Schmit, whose great love remains Eugene Boudin, has assembled some 30 oils, 30 watercolours and as many drawings and pastels of this master of windswept beaches, showing the ever-moving waters and the pewter-coloured skies of his native Normandy and adopted Brittany.

The first and second floors of the townhouse gallery are given over to the masters of the 19th and 20th Century. One can only marvel that such paintings as Van Gogh's "Boat at Anchor" and Monet's "Port of Amsterdam," Cezanne's flowers and Courbet's Red Apples, Toulouse-Lautrec's Clown and Degas' Jockeys, to choose but a few of the prestigious names, are still in private hands, let alone for sale. Galerie Schmit, 396 Rue Saint-Honore (2603636). Closed Sundays and 12.30 to 2pm. Ends July 20.

Magda Hamsher

Pour la Paix/Christ Church, Spitalfields

Andrew Clements

The current Spitalfields Festival concentrated the bulk of it contemporary music into two days. Last night John Ogdon played Messiaen's *Vingt Regards* and there was a late-evening programme of music by James Wood, while on Wednesday the New London Chamber Choir and the Endymion Ensemble presented an attractive mixed bag — Henze's *In Memoriam: Die Weisse Rose* and *Cantata della Fiaba Estrema*, Messiaen's *Oiseaux exotiques*, Ligeti's *Lux Aeterna* and a substantial Xenakis premiere.

Though it was only completed in 1982, *Pour la Paix* has already acquired a considerable history. Xenakis was originally asked to write a test piece for a competition for voice and electronics, but after completion he discovered the competition had been changed to one for string quartet. He recast the piece for radio, producing an eight-track tape that was broadcast on Radio France. This, however, was evidently the first complete live performance, in which the three constituents—narrator, mixed chorus and four-channel prerecorded tape had been teased into independent elements.

The text is taken from a novel *Ecoute* by the composer's wife—a series of extracts inveighing against the folly of war. The narrator's lines were given here in English translation, the chorus sang in the original French. Xenakis's construction is characteristically uncompromising: passages of narration are punctuated by visceral blasts from the tape, the chorus moves between serene modal writing and frenzied yelps and repeated cries. Much of the musical interpolations functions on a purely illustrative level, simply heightening the intensity of the text.

On the rawest level of emotional involvement *Pour la Paix* is terribly effective. Indeed it's difficult to imagine how it could fail, for Francoise Xenakis's writing is unflinching in its portrayal of the horrors of war; the central section of the work is an appallingly detailed account of a massacre. Whether the musical additions add much to that simply evoked response is less certain. There are moments certainly when everything comes together in a grandly sonorous conflagration, but equally occasions when the taped contribution seems embarrassingly naive. The New London Chamber Choir's performance had clearly been scrupulously prepared by James Wood. The highly effective narrator was Sarah Parks, the perfectly synchronised electronics were controlled by John Whiting.

Salome/Grand, Leeds

Ronald Crichton

Not for the first time in one's experience this was a *Salome* that came to life with the entrance of the disreputable Herod Antipas and his equally regrettable wife, Herodias. Nigel Douglas and Della Jones swept round the stage like a degenerate Oberon and Titania pointing their words and making Tom Hammond's translation sound absolutely natural, quelling doubts concerning tempi. There is nothing to add to Mr Douglas's portrait. Miss Jones will be even better when she keeps still more often — I mean when she is alone, not in the company of her gloomy-looking lover, of whom we see too much.

Up to the appearance of the Herod couple Opera North's restaging of the Herz production from London's Coliseum was loud and lumbering. Philip Joll's Jokanaan, a towering figure, sang harshly at first but controlled his tone impressively later. Whoever was responsible for the reproduction (the programme was not clear about this) has neglected the small parts. Narraboth adoring Salome and the page adoring Narraboth, so important for establishing the atmosphere, were stiff and awkward and since David Lloyd-Jones in the pit rode roughshod over the conversational element in the score the opening limped.

The Salome was Penelope Daner, from New York and Chicago via Wuppertal. To judge from Wednesday night's performance she has plenty of metal in the voice but less flexibility. She was most effective after the dance, repeating her demand for the head of Jokanaan with bored exasperation. She began and ended the final scene well, but had difficulty in holding the attention all through. Before the dance, she presented a hard, pert, thick-set little person, who addressed her step-father as "Tetrarsh."

The dance began with that kind of German expressionism that aspires doggedly downwards. It went on to pink scarves and rose petals. There was plenty of colour and so much general movement that they could have dispensed with Salome altogether. Rudolf Heinrich's striking set, slimmed down for the smaller stage still looks well, but the finesse of Herze has gone, and the memory of Béjart's wickedly brilliant Geneva production has come in between. The English Northern Philharmonia is an efficient body but it doesn't yet seem to have Strauss in its bloodstream. It does no harm to be reminded how much difference there is in *Salome* yet the right sound never quite came.

Opera Factory London Sinfonietta

Two ensembles—a young opera group and an orchestra known for its bold "profile"—have come together to form a new music-theatre company. Opera Factory London Sinfonietta is staging its first productions from Tuesday, June 5 to Saturday, June 23 at a London theatre not normally associated with opera—The Royal Court.

The two operas are Tippett's *The Knot Garden*, in a newly-revised version commissioned by the company, and a new realisation of Cavalli's *La Calisto*, to be sung in English and performed in modern dress.

Prior to the Royal Court season, both operas are being presented this week at the Theatre Royal, Bath.

Gary Glitter

Gary Glitter is back among us and our lives are a little brighter. He was picked up by a roving spotlight strutting at the top of a handy staircase at London's Hippodrome, which has introduced cabaret of an appropriately louche kind to give its gilded clientèle a rest from dancing.

Glitter by name and Glitter by . . . He really is an awesome sight in his black cat suit embellished with silver codpiece, tassles, and the shoulder padding of a Martian general. Later on he appears in white, with a lot of black chest hair. To confirm that forty holds no threat to his life style he runs up and down the stairs like a demented budgie, but a budgie that pouts, and postures and flaunts his stuff.

The attraction of Gary Glitter is that he sends himself up more than any critic dare. He has also survived, and those dear old mindless rock songs of his now seem like innocent airs from the past, even "Do you want to touch?" performed with a complete lack of delicacy.

Perhaps he gives rather short measure but as he offers himself—"I'm yours, always yours"—it is hard not to enjoy being taken in by the grandad of glam rock, the straining voice of yesteryear.

ANTONY THORNCROFT

APPOINTMENTS

Managing director for Asda Stores

ASSOCIATED DAIRIES GROUP has appointed Mr J. N. Hardman as a director. He also becomes managing director of Asda Stores, of which he was finance director. Mr Hardman replaces Mr John Fletcher whose contract as managing director of Asda Stores was abruptly terminated last week (Financial Times, May 23, Page 44). Mr D. M. Grasby, development director of Associated Dairies Group and a director of Asda Stores, is made deputy managing director of Asda Stores with special responsibilities for public relations in addition to his property related duties.

*

Mr Duncan Dickson has been appointed to the newly-created position of manager, UK and Ireland, for CATHAY PACIFIC AIRWAYS. The appointment is part of a restructuring of the company's European operation and coincides with the introduction of flights between Frankfurt and Hong Kong last month.

*

Mr Robin Baum, a director of The English Association Trust, has been appointed an executive director of its parent, THE ENGLISH ASSOCIATION GROUP.

*

Towry Law, insurance and financial advisers, and M&G, unit trust and life assurance group, state that Mr Richard Cockroft is to resign as a director of TOWRY LAW (HOLDINGS) on June 30 to take up a new appointment with M&G on July 4. It is intended that he will assume responsibility for M&G's life assurance and pensions operations.

*

Following the acquisition of X-Factor Enterprise by BANRO INDUSTRIES the following Banro directors have joined the board of X-Factor:—Mr D. R. Greenhalgh, chairman; Mr Edward Rose; and Mr W. J. Hooper. Mr R. K. Johnson has been appointed company secretary.

Equity & Law makes changes

EQUITY & LAW LIFE ASSURANCE SOCIETY has elected Mr John P. Smith, chief investment manager, as a director. Mr Norman Benz has retired from the board. As a result changes have been made in the boards of three subsidiary companies at Equity & Law (Managed Funds) Mr Martin Harris (deputy chairman of the parent company) has been appointed a director, at Equity & Law Unit Trust Managers. Mr Michael Burns (general manager and a director of the parent company) has been appointed chairman in succession to Mr Benz. Mr Gordon Price (an investment manager of the company and a deputy investment manager of the parent company) has been elected a director; at The Law Reversionary Interest Society Mr Burns has been appointed chairman in succession to Mr Benz. Mr John Chatterton (secretary of the company and a deputy actuary of the parent company) has been elected a director.

*

The ROVERT GROUP, Cheltenham, has appointed Mr A. W. Turner as commercial director.

*

ASTRA INDUSTRIAL GROUP, Birmingham, has appointed Mr Philip Dobson and Mr Richard Gray as executive directors. Mr William Edwin Morris Clegg was also appointed to the board as a non-executive director.

*

Mr John F. Astbury has joined CHARTERHOUSE JAPHET as head of treasury and trading operations. He will be a senior director of the bank and a member of its management committee. Mr Astbury was previously a managing director of Chemical Bank International and a senior vice-president of Chemical Bank. Charterhouse Japhet is the UK merchant banking subsidiary of Charterhouse J. Rothschild.

*

DAF TRUCKS, Eindhoven, has appointed Mr Roger Phillips managing director of Marlow-based DAF Trucks (GB) from October 1, in succession to Mr Phil Ives who retires on September 30. Mr Phillips is sales director. Mr Cliff Grant is to be appointed to the new post of deputy managing director, also from October 1. He will continue as financial director. Both men will join the board of DAF Trucks (GB). After the Netherlands, the UK is DAF's biggest market.

*

Sir David Montgomery has been reappointed chairman of the FORESTRY COMMISSION on the expiry of his term of office on August 31.

*

Mr Ian Levett has joined the board of DUNBAR AND COMPANY, an Allied Hambro company, from Barclays Bank. Mr Lindsay Bury, non-executive director, has resigned to concentrate on other business interests.

*

Mr Allen Hague has been appointed sales and marketing director of LITHOLITE MOULDINGS, Watford. He was previously export and marketing director for Spear and Jackson Tools and Industrial.

*

Mr J. K. Taylor, Mr H. H. Sparks, Mr M. G. Hall and Mr A. R. P. Bird have retired from the partnership of Phillips & DREW, stockbrokers. Mr K. W. S. Inglis, Mr A. F. Twist, Mr A. R. Alcock, Mr D. J. Bailey, Mr R. A. Brown, Mr J. P. McCaughan, Mr S. V. McHugh, Mr N. McK. Rae and Mr H. W. H. Sants join the partnership on June 1, based in London. Mr A. H. Stewart and Mr C. R. Cavill also join the partnership on the same day and are based in Jersey.

*

Mr Peter Bartholomew has been appointed commercial director designate of COX AND WYMAN and will remain company secretary. Cox and Wyman is a McCorquodale company.

*

Mr A. A. Long has joined the main board of the SUPRA GROUP. He joined the group in January 1983 as general manager of Supra Sureparts and will continue as managing director of that company. Before joining Supra, Mr Tony Long was general manager and director of IMI Birshalls, part of the IMI Radiator Group.

*

SKIPTON BUILDING SOCIETY has appointed Mr Ian R. Hepworth as chief accountant. He was with Peat Marwick Mitchell and Company, as a senior manager in the Leeds branch.

*

Mr Sidney de Haan, chairman of SAGA HOLIDAYS, is to retire on June 30. He will be replaced as chairman by Mr Roger de Haan, who will continue as managing director.

*

ROBINSONS OF CHESTERFIELD, has appointed Mr Jonathan Wicksteed as group financial director. He replaces Mr Ernest Robinson who becomes a non-executive director following his retirement. Mr Wicksteed's appointment follows a short period as financial director (designate) after joining the group from Multitone Electronics. Mr George Wallis and Mr Alec Robinson have also retired from the board.

*

IN BUSINESS, a Wirral enterprise agency sponsored by Unilever, Wirral Borough Council and Wirral Chamber of Commerce, has appointed Mr Denis Nork as general manager. He replaces Mr Paul Farrow who has been general manager since the formation of the company in 1980. Mr Farrow is leaving to devote himself full time to his own company, Andramain, which recently announced its leasing of Hulme Hall, Port Sunlight. Formerly with UAC International, a Unilever subsidiary, Mr Nork has had responsibility for UAC's 23 supermarkets, departmental stores and fast food businesses in Nigeria and Ghana.

*

Mr Geoff Hardern has joined HARRIS-MHS SEMICONDUCTOR, Slough, as managing director of the company's UK and Scandinavian sales operation. He takes over from Mr Geof Haynes who has been promoted to director of European sales based in Munich. Mr Haynes takes over from Mr Claude Jacquemin who moves to Melbourne, Florida, as verticle product line manager with the parent company. Mr Hardern was European corporate account manager with National Semiconductor.

*

Mr Antonino Allenza has joined STANDARD CONTINUOUS, as group financial director and company secretary. He was with Peat Marwick. Another appointment is that of Mr David Edwards who has moved up to group commercial director, with special responsibility for the development of computer software and hardware.

*

Mr W. N. Menzies-Wilson, chairman of Ocean Transport and Trading, has been elected president of the GENERAL COUNCIL OF BRITISH SHIPPING. The new vice-president is Mr Brian Shaw, chairman and managing-director of the Furness Withy Group.

*

Mr John Hassett, managing director of Edward Billington (Sugar) Liverpool, has been appointed a main board director of the parent company, EDWARD BILLINGTON & SON.

Senior partner designate at Deloittes

Mr John Bullock

DELOITTE HASKINS AND SELLS has elected Mr John Bullock to be the next senior partner from May 1 1985 when Mr Eric Meade, the present senior partner, retires. In the meantime Mr Bullock has been appointed deputy senior partner. He has been managing partner of the UK firm for the past five years and was previously in charge of the Deloittes' management consultancy practice. He is a past president of the Institute of Management Consultants and a part-time member of the UK Atomic Energy Authority.

THE PROPERTY MARKET BY MICHAEL CASSELL

Some sober warnings served up with the smoked salmon

THE PROSPECT of owning a partially-completed sawmill in Alamogordo, New Mexico, might not have many UK fund managers foaming at the mouth.

But just in case any delegates to this week's International Real Estate Federation world congress in London think the trip worthwhile, Maureen Dugan will be happy to meet them at El Paso airport and to show them around.

Ms Dugan (PO Box 2021 Alamogordo) is a real estate broker and her sawmill, together with an optional pistachio orchard and private airstrip, was among the more esoteric property packages being pushed at potential purchasers attending the 35th congress.

It is doubtful if too many delegates spent long wondering whether $2.5m was a fair price for a lumber operation lying in the shadow of the Sacramento Mountains, or whether they might like to invest in South Africa's Western Cape, or in Algarve villas or a Manhattan brownstone townhouse. Perhaps a greater number asked themselves if the conference itself was worthwhile.

The value of such international gatherings has long been a subject for argument. Do they represent an important clearing house for new ideas and a rallying-point for the promotion of professionalism, or are such worthy objectives buried in the avalanche of smoked salmon and socialising which threatens to turn a brainstorming session into a binge?

Put it another way: how often during the week were the number of delegates sitting in the Great Room of the Grosvenor House Hotel outnumbered by those clambering onto coaches for a trip to Chartwell or Hampton Court? Do those attending expect to participate in learned discussion and debate, or are they here to drive bargains and do deals?

The only honest answer must be that, between them, they attend to do all those things. And no conference is necessarily any the worse for that. An event which brings together 2,000 people with similar professional interests must bring benefits which extend beyond the bar takings at the Grosvenor House.

But even so, the quality and value of the papers presented to assembled delegates must be a crucial factor in determining the success or failure of such a gathering. In this respect, the world congress organisers clearly have a problem.

For while those attending have a common bond, their markets and philosophies are often incomparable and an interesting scenario in one country may prove irrelevant in another national context.

How many City of London delegates this week sat in to learn about professional training in Latin America and how many property men from Brazil wanted to hear about the Isle of Dogs enterprise zone?

No doubt acutely aware of the problem, the programme organisers devised a suitably broad theme: "The real estate profession—a need for change?" but it was invariably overlooked or given scant attention.

None of which means the congress has been a failure; more that it has underlined the limitations of such events. Michael Slade, chairman of the 1984 congress committee, believes the affair provided an important platform for an international meeting of minds and an exchange of views (not to mention a few properties). He is more rightly concerned with the longer-term health of FIABCI itself, which he says is still "growing up" and which has some way to go before it can claim to fulfil its unifying role within a profession which is becoming steadily more internationalised.

*

PERHAPS IT was inevitable that one of the most critical speeches on the current state of the UK property market would come from an impartial observer like Prof John Ratcliffe, from the Polytechnic of the South Bank in London.

Prof Ratcliffe claimed that, despite some important reforms within the UK property industry, a number of warning lights were flashing for investors and developers. He said the past decade had witnessed a caution and conservatism among funding, building, planning and marketing agencies which suggested that problems lie ahead, once an end to the recession began to demand a more innovative and entrepreneurial approach.

Prof Ratcliffe claimed that the system of town planning was in urgent need of overhaul. Designed to control growth against a background of continued prosperity and investment pressure, the deepening economic recession had placed "almost unbearable strains" on the planning process.

Many local authorities had not yet realised that social and physical planning had now to give way to planning for economic development and employment. Misunderstandings of the market order had led to "reduced consumer choice, distortions in supply, stultified land use patterns, stifled commercial competition and increased urban blight."

Prof Ratcliffe also pounced on what he saw as the deficiencies arising among the major financial institutions dominating the property funding market. The restrictive conditions they placed on development schemes had begun seriously to distort the market and could now start to rebound against them.

"Their strict adherence to over-fastidious and often irrelevant standards of building design, construction and performance, and their application of rigid criteria regarding location and letting has produced an enormous gap in yields between prime, institutionally-funded property and non-institutionally-funded secondary projects.

"Not only do these aberrant market conditions create problems of under-provision of certain types of accommodation in particular parts of the country but an excess of supply through overfunding seems to have occurred."

Structural changes in the framework of development finance were, he added, likely to follow the growing polarisation of prime and secondary property. Many development companies would explore non-traditional financing sources and a new breed of more-risk-conscious lending agencies—ready to show a greater degree of sympathy and understanding to the occupational requirements of the market and the need for innovation in design, construction and management—would emerge.

Prof Ratcliffe said that landlords were being forced to rethink their entire strategy in respect of relationships with their tenants, who were no longer prepared to be treated in the same dismissive manner. Leases, he claimed, were too long and not flexible enough; tenants were increasingly objecting to "upwards only" rent reviews and demanding break clauses in leases; the traditional criteria for judging covenants were also increasingly redundant.

Estate agents also came under the microscope. They would have to face the fact that property would remain more difficult to sell and users' needs would have to be more closely identified and matched to supply. Agencies had prospered against a monopolistic background enjoyed by established firms, but this was now changing.

Professor Ratcliffe warned that failure to accept changing conditions and occupier requirements would lead to an even greater swing towards owner-occupation — a trend which might be acceptable to the construction industry but which would deprive a lot of professionals of badly needed fees.

*

OWNING SIZEABLE chunks of the City of London is a profitable business, but it also has its problems, according to Dick Luff, surveyor to the City Corporation and another speaker at the congress.

The Corporation has probably owned land for longer than any other English institution, save the Church and the Crown, and is today unique in having three property portfolios — only one of which it holds in its capacity as a local authority.

Bridge House Estate, with roots back in the 12th century and run as a charity with the Corporation as trustee, provides income to maintain the four City bridges. The Estate has reserves of over £14m and its income last year reached almost £6m, the bulk of which is derived from City offices and some industrial and warehousing property on the south bank.

But, despite the healthy picture, Mr Luff pointed out some of the problems which go with the profits. Much of the estate was built at the end of the 19th century, which means the bulk of properties erected on ground leases are now reverting to the Corporation in an outdated form, "with suspect structures and a million conundrums for the building surveyors."

Large capital sums were therefore required for refurbishment or redevelopment. In addition, much of the City is subject to conservation zone status and constraints on development are severe. The third problem involves the location of the properties in the portfolio, many of which are not in prime spots.

Mr Luff says that rationalisation would appear to be the only answer but that the Estate's trustees will not find it easy to identify other property investments with greater potential than the ones they have owned for hundreds of years.

Mr Luff accepted that rationalisation would appear to be the only answer, but said that the Estate's trustees would not easily identify other property investments with greater potential than those they have owned for hundreds of years.

His remarks come shortly after similar comments from Mr Patrick Roney, chairman of the City's Coal, Corn and Rates Finance Committee, who indicated that a complete reappraisal of the Corporation's attitude towards its property investments was underway.

Mr Roney, in referring to the City's Cash estate—sister to Bridge House—said that recent growth in rental income was unlikely to be maintained in the 1990s, when there would be fewer reversions. Those that did take place would primarily involve less desirable property, with the end result that "the prosperity of the current decade could disappear."

Mr Roney said that, traditionally, the City's estate had been a property investment fund with available capital being reinvested in real estate. But consideration was now being given to a change in policy when new investments are considered. He welcomed such an examination of investment policy as he believed "far too high a percentage of the income-earning portfolio is now invested in central London properties or even in real estate itself."

That the City of London itself should be shifting its attitude towards the property assets on which much of its good fortune has been based is highly significant. A few years ago, such a change in attitude would have been unthinkable. But, as Prof Ratcliffe said, the times they are a changing.

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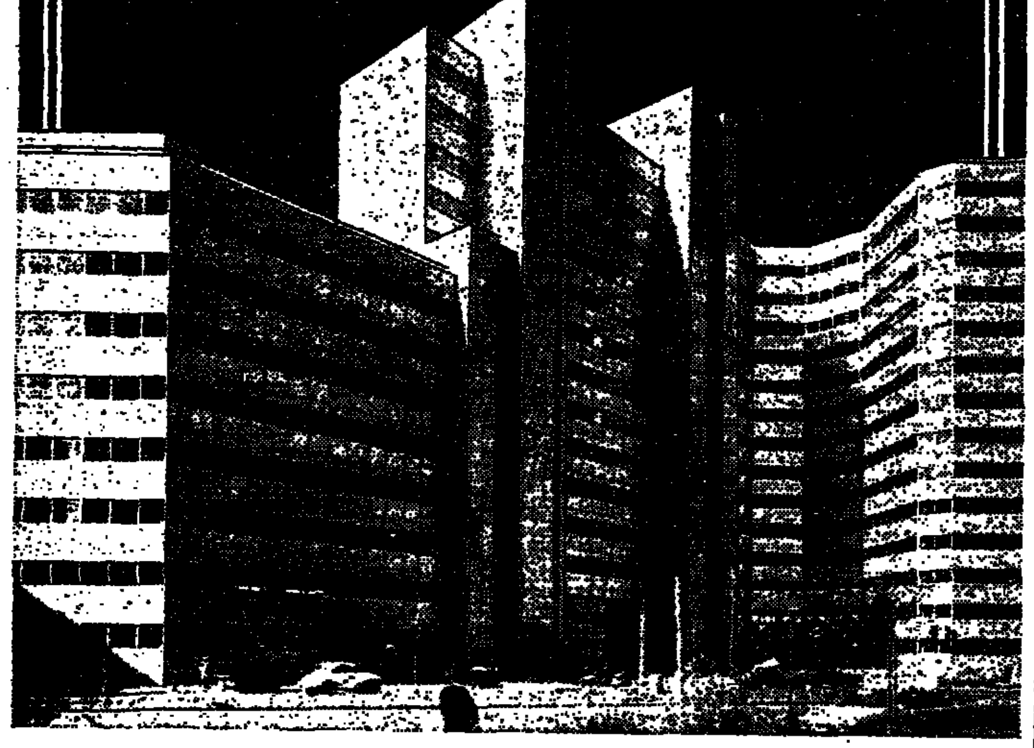

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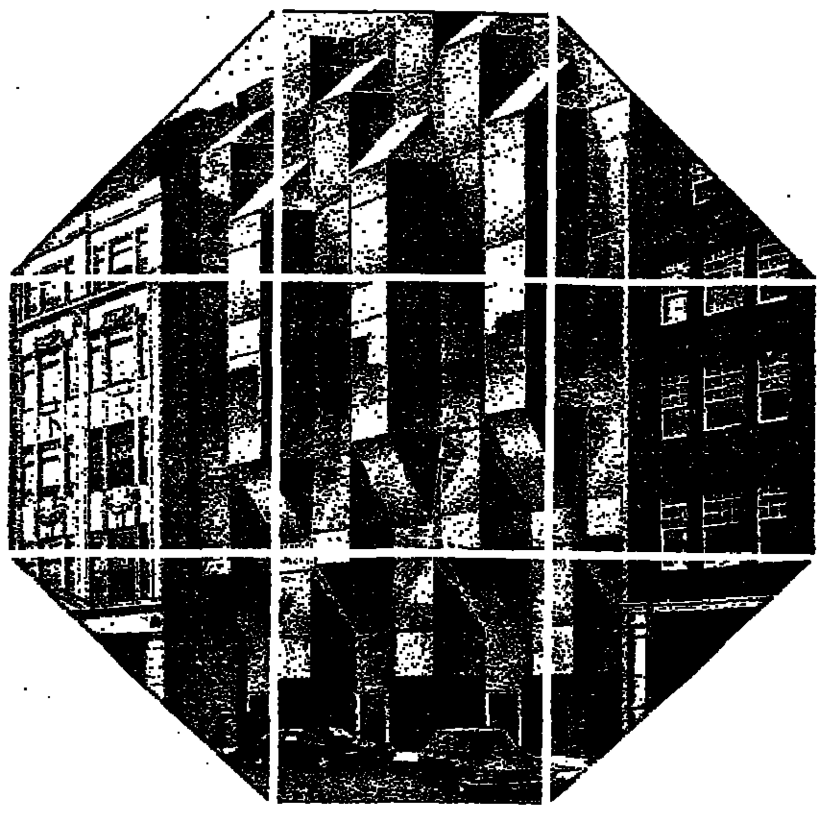

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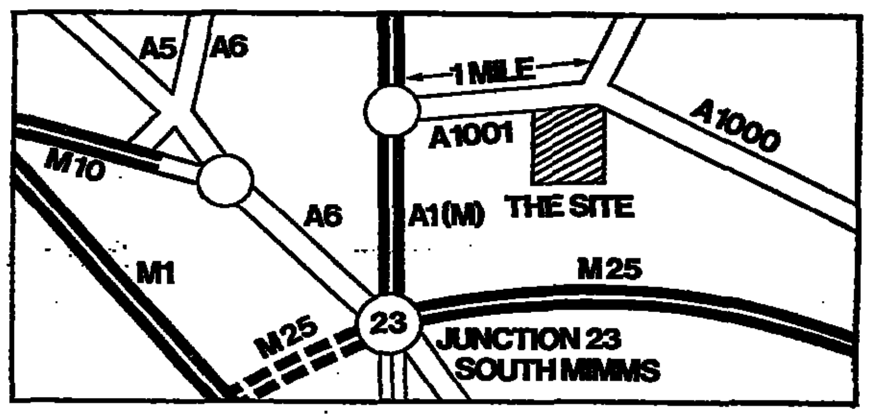

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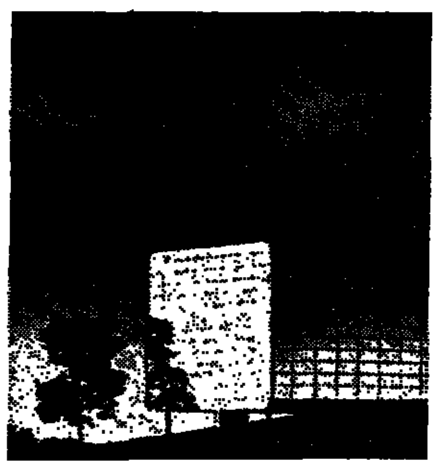

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Friday June 1 1984

Lessons of Orgreave

GOVERNMENTS IN a free society in which the rule of law has broad assent and is firmly and fairly applied do not, in general, need to fear mass demonstrations: but they need to give careful attention to two attention to :w.. aspects of them in particular.

First, they are at least a potential problem for civil order: the freedom of groups to rally, march and demonstrate must be balanced against the freedom of other people to go about their business. When, as at the Orgreave coke plant over the past week, huge numbers of pickets deliberately and grossly flout the civil and criminal law, that demands a strong response from the police, which it got.

Cool reflection on the Orgreave incidents, however, is needed as much as firm handling. Industrial disputes are often violent in many countries; there have been plenty of examples in Britain over the past two centuries. The relative peace achieved in the UK between 1945 and the late 1960s was an oasis created of broad consensus on industrial relations, full employment, growth and internal union discipline which isolated the far Left. All of these have now gone.

Messengers

In some unions and with some leaders, restraint and general considerations of democracy, the broader social good and the immediate wellbeing of their members have been downgraded, even pushed aside, in pursuit of sectional victory. This means broken heads and mass arrests.

Yet, secondly, demonstrations are messengers to the Government: not always welcome, not always understood, but always worth attending to. Where, as in the early 1970s, the trade union movement was able to mobilise — often to its own leaders' surprise — up to half a million people on the streets of London, then the Government could not afford to dismiss it. On the contrary, ministers and their advisers were convinced that resistance to their policies was deep and that in the end they had to bow to it.

This week we have seen 5,000-6,000 men, mostly mineworkers, marshalled outside Orgreave depot in an attempt to stop coke going to Scunthorpe. Unlike the mass picketing at Saltly depot in 1972, it was virtually unsupported by other trade unionists. Mr Scargill made his call through the national media for massive solidarity action—and the next day the pickets shrunk. The message which the Government is taking is that, this time round, the miners' strike stirs no great feelings of comradeship, no popular chords, pulls few strings even within the labour movement.

Struggle

If Orgreave holds any lessons, they are contradictory and subtle. They are not that we must grasp for more employment law, nor that the National Coal Board should reverse its judgment not to use the Employment Acts against the Yorkshire pickets. Employment legislation, if it is to work, affects the climate over time: where the 1980 and 1982 Acts have been obeyed—the vast majority of cases—they have been quietly obeyed. They have been breached dramatically over the past 11 weeks, to be sure—but the real struggle has been to contain the breaches of basic civil and criminal law, a struggle which the police appear to be winning but which has inevitably rendered the employment Acts a little irrelevant.

No state which prizes liberty can afford to put in place an infrastructure of repression which can always be guaranteed to pre-empt serious civil disorder of the kind we have witnessed at Orgreave—any more than it can allow the Orgreave picket organisers to achieve their aims by the methods they chose to employ. The National Union of Mineworkers' leadership, in common with many other groups who see their members' jobs and even their culture threatened, have reacted by unleashing protest which has become, at times, violent: it has not succeeded in any of its aims so far. The law, the police, and most of all the general opinion of society have all been proof against the miners' assaults whether verbal or physical: that is a matter of relief. It also conveys an important message for the trade union movement.

A warning to Marcos

PRESIDENT MARCOS has presided over the Philippines for nearly 19 years. He has managed, with a combination of guile, skill and ruthlessness, to build up a genuinely popular base, to contain communism and to begin the arduous job of alleviating widespread poverty.

He has received political and economic support from the West which has a strong interest in the continuing stability of the Philippines. The U.S. naval base at Subic Bay is the world's largest maritime supply depot. Clarke Air Base is America's biggest overseas military installation. Both are pivotal to guarding the trade and oil routes to and from the Pacific Ocean on which Japan and the West depend.

More recently the country's need to manage its $25bn external debt has underlined the importance of the country to the West.

Malpractice

However, President Marcos's recent showing in the elections for a newly constituted National Assembly, the first such exercise in democracy since martial law was imposed in 1972, suggests that the pressures for making changes to his autocratic style of government are showing.

The final results for the Assembly suggest that the motley opposition will win roughly one-third of the 183 seats. The Asembly, it is true, is something of a toothless animal since President Marcos retains sweeping decree-making powers. A close reading of the polls suggests that most opposition supporters did not so much vote for their respective parties but, rather, against President Marcos. It also seems likely that the ruling Kilusang Bagong Lipuang (KBL) party indulged in widespread electoral malpractice. So it is hard to gauge how accurate a reflection of popular feeling the election result is.

It is, nevertheless, apparent that the opposition's strong showing, at a time when President Marcos is battling to restore international confidence in his regime, is a blow to his prestige.

President Marcos's problems are aggravated by three other factors: the 67-year-old leader's uncertain health; rising criticism in the Philippines and abroad of widespread "cronyism" in the regime; and the aftertaste of last August's assassination of Mr Benigno Aquino, the opposition leader. Mr Aquino, President Marcos's long-time rival, was murdered when he returned to Manila airport after three years in exile in the U.S. The regime's continuing failure to provide a plausible explanation of how this could happen has led to rising anti-Marcos feeling in the country and to anxiety abroad.

The country's economic malaise is a further cause for concern. Western bankers have become increasingly worried by the sharply increased government borrowing programme, by the failure to stem the money supply and by the absence of economic austerity measures sufficiently plausible to earn the IMF's seal of good housekeeping and to negotiate a badly-needed standby facility.

Stabilisation

The hoped for SDR 615m (£459m) facility is seen not only as the centrepiece of a vital stabilisation programme but also as a signal to the world banking community that it can safely negotiate a rescheduling of the country's debt and address itself to demands for up to $1.6bn in new money.

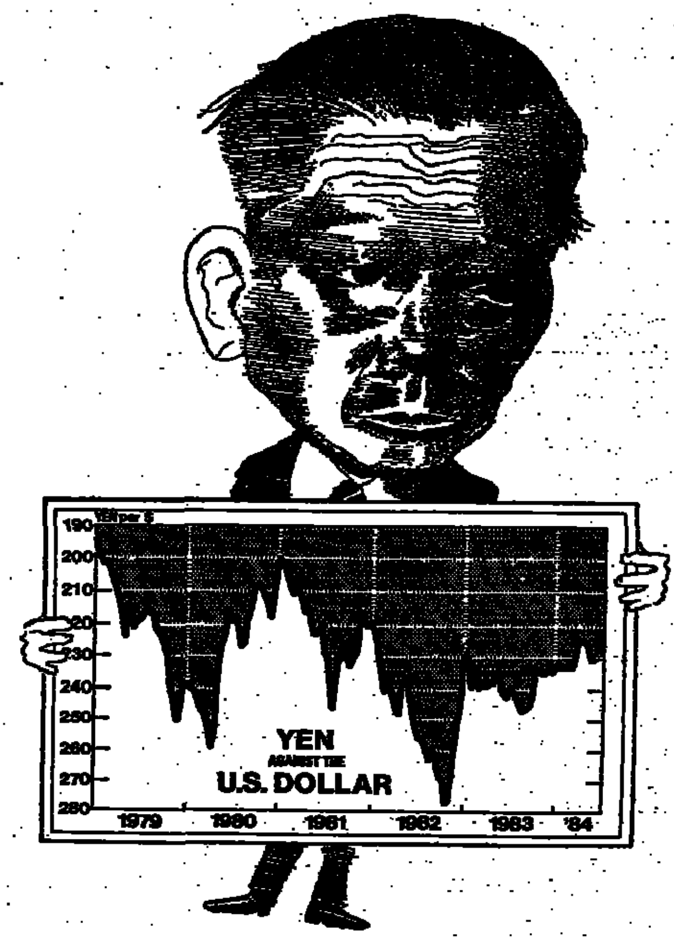
In all likelihood the President would have to sanction a more flexible exchange rate policy, heavy cuts in government spending, higher taxes and credit controls to obtain the IMF facility. Now that the election is out of the way, President Marcos has a chance to introduce the necessary economic reforms.

He also has an opportunity to begin a process of reconciliation and political change in the Philippines without which, in the long run, there can be neither economic prosperity nor a smooth handover when he eventually relinquishes power.

Japan's financial system

A cautious easing of the straitjacket

Jurek Martin, Far East Editor, reports from Tokyo on the implications of this week's Japan-U.S. document on market liberalisation



John Springs/Chris Walker
Japan's Finance Minister, Noboru Takeshita

RARELY ARE agreements heralded with the hyperbole accompanying this week's joint Japan-U.S. report on the nature of the Japanese financial system and what should be done to bring it more in line with practices elsewhere.

The two protagonists described it as "an historic document," but, though its theme is liberalisation, it hardly invites comparison with the Magna Carta.

What it has done, however, is to focus attention on a little understood aspect of the Japanese economic miracle — its financial underpinning — and the extent to which that system is evolving.

The actual debate over whether change is the product of U.S. pressure or Japanese initiative is circular, with a lot to be said, though nothing conclusive, on either side. Indeed this week's report is in many respects most notable for the degree and frequency with which the two countries agreed to disagree.

The essential characteristic of Japanese finance for the first 30 years after the war was that it was designed to serve as a handmaiden to industry—and, albeit to a lesser degree, it still does.

In its pre-oil crisis manifestation, it was marked by Government control of interest rates and allocation of credit: funds to industry from the Government and from Japan's vast private savings were channelled through a variety of financial establishments, commercial banks, long-term credit banks, regional banks, trust banks, each with a strictly defined role to play; foreign exchange controls ensured that capital stayed largely inside Japan; foreign investment had a minimal role to play in the process and foreign financial institutions operated largely on the margin. The basic framework is still in place.

The Government is omnipresent on the financial scene

The two oil crises of the 1970s were the undisputed catalysts of change, the most important of which was that the Government, not industry, became the biggest consumer of credit as it sought, successfully, to spend its way out of the recession.

Though public sector debt (about $530bn) is huge, it has not been financed so far very much at market rates—the Government simply sells deficit bonds to designated banks (and now securities houses) at rates it negotiates. The institutions almost always accept the terms. The market is, thus, not exactly sophisticated.

The pace of financial reform only really picked up as a result of the second oil crisis in 1979, and then only gradually, as the Government began to experiment more with market interest rates as a monetary tool as well as simple credit allocation. It freed the inter-bank and secondary money markets and began dismantling exchange controls.

But most major interest rates on large and small deposits remain set by the Government, only moving up and down on the rare occasions the discount rate is altered (which has happened only twice in the past 30 months). They have invariably been fixed at far lower levels than those obtaining on the limited free domestic market and overseas. Partly as a result of this, the yen remained cheap and international criticism of its artificial competitivity increased (though complaints are now more about a high dollar than a cheap yen).

Other rigidities in the system persisted. As Japanese companies began to invest more heavily overseas, the limitations of the domestic bond market as a flexible source of finance became more apparent. In the last fiscal year 48 per cent of new corporate capital was raised outside Japan, but very little of it in yen instruments.

The lack of attractive investment opportunities (the stock market generally excepted) also frustrated foreign capital, eager, as in other countries, to exploit patented economic strength. It also prompted, especially in the last few years, substantial long-term capital outflow from Japan and thus further contributed to depressing the value of the yen, which not even expanding trade and current account surpluses could entirely offset.

The underuse of the yen, certainly as relative to Japan's economic clout, has also come to appear anomalous, as the Japanese recognise. The caution of the authorities, however, is at least understandable, since they were (and still very much are) only too well aware of the threat posed to monetary policy and the cost of financing the deficit by too much Euroyen sloshing around the world.

Thus today no more than about 4 per cent of international transactions are in yen. Of Japan's own trade nearly 98 per cent of imports (mostly commodities) and 60 per cent of exports are denominated in dollars; the total Euroyen pool only amounts to $30-40bn (against a Eurodollar equivalent of over $1,000bn), while the Euroyen market remains very much in its infancy.

At home, too, the institutions remain in their designated pens, still largely unable to cross the dividing lines separating different types of banks and brokers. This has had its virtues, because everybody enjoyed, in effect, a guaranteed piece of the action, and thus security, if not efficiency. But the contrast with the financial services revolution sweeping the West is marked, as any individual who tries to invest or borrow money in Japan finds out and as Japanese institutions which ventured overseas were quick to observe (the foreign operations of Japanese banks are far more profitable than the domestic).

An innate if understandable caution set Japan apart in a fast-changing world

Among the few "victims" were foreign banks operating in Japan, which have come here in increasing numbers (over 70), but, unable to break out of the officially imposed straitjackets, found themselves competing for the same, limited share of the market.

Above all, and perhaps making the Japanese financial system most distinctive in an age when governments are supposed to be withdrawing from the fray, remains the fact that the Japanese Government is omnipresent on the financial scene. It is no exaggeration to say that little of consequence happens in Japan without formal or informal approval from the Ministry of Finance (and sometimes the Bank of Japan). The authorities exercised their prudential functions superbly — there has, for example, been no notable post-war bank failure—but its innate, even understandable caution has set Japan apart in a fast-changing world.

It is against this background that this week's package and, to be fair, the reforms in train before it, must be seen. Because of the defensive skills of the Ministry of Finance negotiating team, it is immediately clear that an instant revolution has not been brought about, at least not of the magnitude that the U.S., with its free market arguments, initially tried to extract.

Indeed, it is worth listing what Japan has *not* committed itself to. It has made no promise to tackle its deficit problem along western lines by instituting a fully-fledged Treasury Bill market. It has not agreed to remove its interest withholding tax on Euroyen issues, which would make them more attractive to foreign investors, nor to allow Euroyen lending (as opposed to borrowing) of more than one year's duration. It has only agreed to deregulate interest rates on large deposits over the next two to three years, and has made no commitment to small savers. It is not setting up an offshore market in Tokyo, nor creating currency futures markets, nor allowing anything other than limited foreign exchange broking.

The only slight dent in the demarcation lines covering who does what is in allowing foreign banks to handle pension funds; and the bedrock of government controls, if weakened a little, is still in place.

Some of these things will eventually occur, when Japan decides they are appropriate, but it will not be overnight. But this should not detract from what has been done. Japan, it is widely seen, has not only defused a political issue with the U.S. but has formally acknowledged, even if not for the first time, that a new age of relative uncertainty and relative flexibility is dawning with the recognition that market, not managed, rates, will assume increasing importance.

Breaking the package down further, almost all conclusions must necessarily be tentative but salient points include:

● The Yen. The popular, and official, view is that, no matter what the U.S. hopes will occur, the Japanese currency will probably depreciate a little in the short term. Even if Japanese interest rates do go up as a result of the package, the differential with the U.S. is unlikely to narrow much. In any case, if anything the package makes the export of capital easier.

Over the longer haul, the combination of Japan's good economic fundamentals, more investment opportunities and a closer relationship between domestic and international rates should enhance the yen's value. It is worth noting, though, that Japanese industry, to whom the exchange rate is a matter of more than passing import, does not expect too sharp an appreciation.

● Use of the yen (Euroyen). The capacity for growth is not in doubt, both for Japanese and foreign issuers and investors, though it is expected that the Ministry of Finance will keep a close watch on volume and interest rates (much as, informally, the Bank of England does). Logically, so long as domestic interest rates remain relatively low, Euroyen issues should be popular, though the continuation of the withholding tax on non-resident investors will probably reduce the attraction of straight bonds, though not convertibles.

The promised creation, presumably next year, of a yen denominated bankers' acceptance market, plus the greater freedom to use yen in third country finance, also promises to increase its use.

● Foreign Institutions and Opportunities. The basic complaint has long been that the Japanese Government has been too heavy handed in stating what can and cannot be done. There was at least the hope this week of better things to come. This is partly because of specific measures making it easier for foreign banks to raise their deposit bases (e.g. the ending of yen swap limits, lowering the minimum CD level and permitting short-term syndicated Euroyen lending).

● Trust banking. Probably the most potentially attractive sectoral opening (and perhaps the biggest threat to Japanese institutions) lies in foreign bank access to the Japanese pension fund market, already worth about $80bn and expanding at close to 30 per cent a year. Interestingly, this means that foreign banks can do what the Japanese "city" banks still may not, at least for now. At present pension investments are handled by designated trust banks (about 64 per cent of the market) and the life insurance industry. Pension fund managers, though less performance oriented than in the West, are increasingly investing overseas and have indeed welcomed foreign bank expertise; collaborations with domestic trust banks may well ensue.

A system no longer set entirely apart or in concrete

The major caveat is whether corporate pension fund trustees will be comfortable with the idea of entrusting investment policy to non-Japanese institutions, which is an example of the sort of residual non-tariff barrier that still exists here.

● Investment and Broking. The same reservation clearly applies to the new licence given foreign institutions to manage and underwrite Euroyen issues free, apparently, of much official interference. On paper, this looks important, however, it may also have the effect of sharpening the competitive wits of Japanese institutions, such as Nomura Securities.

Less certain for foreign stockbrokers is membership on the Tokyo Stock Exchange, which Japan has promised to put under review. The prestige of joining is balanced by the cost of a seat (about $1m) and the heavy expense of setting up all the necessary supporting establishment. Only high volume operators may be interested if, in the end, they are allowed to join.

However, in sum, it must be stressed that Japan is not on the verge of being transformed into an international financial bazaar overnight. Its system will remain principally of the Japanese, for the Japanese and by the Japanese. But it is no longer set entirely apart or in concrete.

As one leading foreign banker put it here, laughing at his own cliche: "The proof of this pudding really is in the eating."

Men and Matters

Dairies whips up Asda

There were rum goings-on yesterday between the Leeds-based Associated Dairies Group and its highly successful subsidiary, the Asda superstores chain, following the surprise move a few days ago to dispense with the services of John Fletcher, the Asda managing director.

Fletcher's departure from his £50,000-plus job was announced in a statement from Associated Dairies which was so short as to leave most of the retail world mystified. An equally terse statement yesterday announced that John Hardman, the present finance director, was to take over the top job.

Securing more information from Associated Dairies about Hardman proved impossible. The official speaking for the company was under strict instructions from chairman Noel Stockdale not to reveal his new man's track record.

But such reticence did not extend to the people at the offices of Asda. There executives were only too happy to tell the world where their new boss had come from.

For the record, Hardman, a chartered accountant, aged 44, spent 15 years with the multinational conglomerate RCA Corporation. Later he was finance director at Oriel Foods before joining Asda in 1981.

The City feeling is that Fletcher, a tough and abrasive 41-year-old, was leading Asda into too high a profile in his drive to tackle market leaders Tesco and Sainsbury on their home ground in the lucrative south-east England grocery market.

Like the local football team, the Leeds-based Associated Dairies board believes in playing defensively when away from home.

"Ugh! That looks more like the extension to the National Gallery than a carbuncle"

Turn to account

Competition is getting hotter between firms of chartered accountants, not only in their traditonal areas of audit but in the rapidly expanding advisory services they provide for businesses.

Deloitte, Haskins and Sells has recognised the importance of this trend in the choice of John Bullock as the firm's next senior partner. He will take over from Eric Meade when he retires in a year's time.

Bullock will be the first senior partner of the Big Eight firms to have come up through the management consultancy ranks. After a few years in an audit practice, he joined the consultancy specialists, Robson Morrow, in 1961. Robson later merged with Deloitte to form the nucleus of its present consultancy practice.

As Deloitte's managing partner for the past five years, Bullock has concentrated on enlarging the range of services and widening the geographical coverage of the firm, opening new offices in Reading, Cambridge and Bournemouth.

Described by colleagues as the firm's "best salesman," Bullock intends to sharpen Deloitte's marketing to maintain its second spot in the FT's Top Twenty UK accountants.

He has appointed "product" partners—almost like brand managers—whose job is to see that the right team is put together for a particular task, whether for a personal client, small business or multinational corporation.

"We are in the financial services industry," he says. "Our audit work is still important but we have a whole matrix of skills which we must mix together and sell."

Driving force

British Leyland old boys, I note, are playing an increasingly prominent part now in keeping Grand Metropolitan on the right track.

Group managing director, Allen Sheppard, who was head-hunted out of BL's components division in 1975, moves closer to his destination as overseer of all Grand Met's UK interests with the announcement yesterday that he is to add the foods business to his responsibilities for brewing, leisure and retailing.

Tony Good, currently looking after the foods side, plans to retire from full-time executive duties next year but will work jointly with Sheppard for the next four months.

Another former BL man, Clive Strowger — a principal prosecution witness in the 1978 Old Bailey forgery trial which followed allegations of a BL "slush fund"—becomes chief executive of the foods division, which was hard hit by competition last year.

Strowger, like Sheppard, came into Grand Met through brewers Watney, Mann and Truman. As chief executive, consumer services, in the last couple of years, Strowger has master-minded a radical marketing strategy to revitalise Grand Met's pubs.

Finally, the reshuffle has pushed the latest entrant from BL, Mike Hodgkinson into Grand Met's upper ranks as chief executive of the group's contract services.

Hodgkinson established Land-Rover as an independent company and supervised a successful £200m investment programme in it, before taking the well-beaten route to Watney, Mann at the end of 1982.

Surprise catch

While Merrill Lynch and Prudential-Bache have been fishing for British talent in the City, stockbrokers Fielding Newson-Smith have cast their line into American waters.

And it was with some excitement yesterday that they landed Anthony Regan, senior vice-president in charge of international investment with Citibank N.A.

"Citibank are a bit shattered by it all," says Fielding's ebullient senior partner, Dundas Hamilton.

Regan, in his mid-forties, spent 10 years of his career with merchant bankers J. Henry Schroder Wagg, and five years with Robert Fleming before joining Citibank in 1978.

Regan, who apparently impressed Hamilton by his ability to increase Citibank's overseas business, will become a partner at Fielding as soon as he has passed the Stock Exchange exams.

Performing chips

With competition running at fever pitch between the big-selling micro-computers their makers are starting to market them like film stars.

Texas Instruments tells me with some pride that its professional computer model can now be seen starring in some of the most popular American-made TV serials.

In Dallas it is a key contributor to the success of the Ewing empire appearing on the desks of both JR and Bobby. In Falcon Crest it helps out in the wine laboratory of this series based in the Californian vineyards. And it does a worthwhile job on the hotel reception desk of the Arthur Hailey Hotel series, allocating rooms to the characters.

Observer

The nationalisation of Britain's shipyards

A legal tug of war

By Malcolm Rutherford

THE Conservative Manifesto of 1979 contained the following sentence: "We will offer to sell back to private ownership the recently nationalised aerospace and shipbuilding concerns, giving their employees the opportunity to buy shares."

On August 7 1980 Sir Keith Joseph, then the Industry Secretary, gave a written parliamentary answer saying that in the case of the aircraft industry the changes introduced had become irreversible. In the case of shipbuilding, proceedings to introduce private capital had been deferred.

Thereby hangs a tale which goes back to the saga of the Aircraft and Shipbuilding Act of the last Labour Government, and which is the subject of a European Court case that could go on for several years.

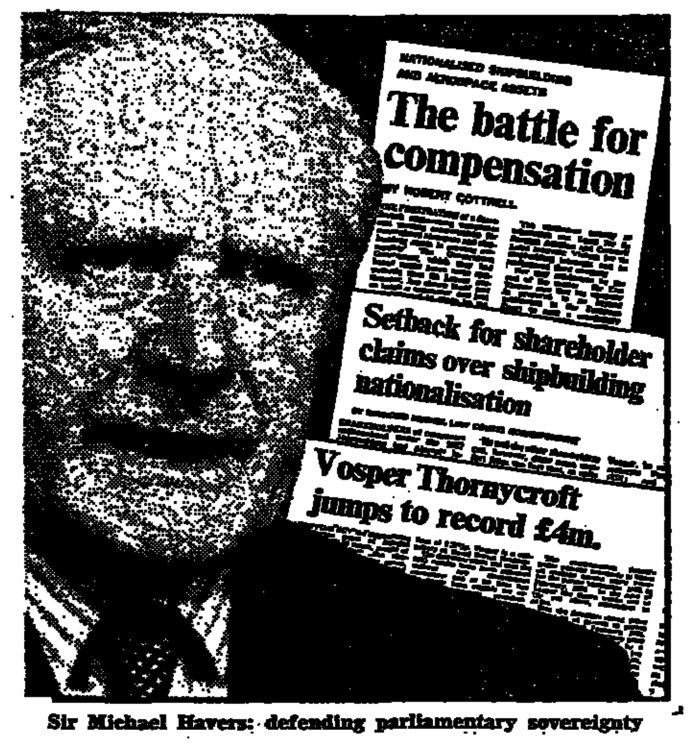
Sir Keith's answer had another twist. The Conservatives in opposition had fought the Bill throughout. They objected, in particular, to the terms of compensation offered to the previous owners. Sir Keith said in his answer that these were "grossly unfair," but added that the Government had come to the "most reluctant conclusion" that there was no way to alter them.

Some of the previous owners had already decided to take their case to the European Commission of Human Rights. This approach was suspended in the early months of the new Tory administration when it was hoped that there might be an early settlement in the form of the return of the businesses to their original owners.

As early as February 1980 Sir John Rix, the chairman of Vosper, one of the companies mainly affected, wrote in a letter to shareholders: "You will no doubt appreciate that a Conservative Government which sought to defend the virtual confiscation of our assets would be setting a most undesirable precedent for any future UK Government, and Governments of other countries, within whose jurisdiction British assets are situated."

The complaints to the European Commission of Human Rights went ahead. This month the Commission rejected them, though in some cases with a few dissenting votes. However, the Commission allowed that the complaints could be heard by the European Court.

There are several important issues of principle involved. Two of them concern precedent.



Sir Michael Havers: defending parliamentary sovereignty

As Sir John Rix said, if a government is allowed to get away with paying inadequate rates of compensation for nationalisation, it might be encouraged to try again.

Moreover, foreign governments could be tempted to take over British assets abroad without offering much, if anything, in return.

A more topical point concerns the present Government's plans for privatisation. If the assets put up for sale could be cheaply re-nationalised, are they really worth buying and at what price?

The most important point of all, however, is a legal one. How far do British law and international law mesh together? Can an Act of Parliament be over-ruled because it is judged to infringe an international convention to which Britain is a signatory?

The problem with the Aircraf and Shipbuilding Act is that it took so long in passing. Labour won the general election in February 1974 to most people's surprise. Because the new government acknowledged that the prospect of nationalisation might have an effect on company share prices, it said that compensation would be paid on the basis of quotations in the six months before it came to office.

No one then foresaw that the legislation would take three years to implement or that the companies involved would have such mixed fortunes over the period. In any case, only one company of the 43 included had a share price related solely to the part to be nationalised. That was Robb Caledon and it presented few difficulties.

Others went different ways. Hawthorn Leslie went deeper into losses. But Vosper Thornycroft more than doubled its profits and was steadily winning orders while the Bill was before Parliament. The Tories tried to have the compensation terms amended in 1976 in the light of changed market conditions and prospects, but failed.

Vesting day was July 1 1977. Vosper claimed that it should have received around £35m. It was eventually given around £5.3m in government stock. Its latest report says that Vosper Thornycroft—the nationalised part—has made pre-tax profits since vesting day of £88m, largely from contracts obtained or in final negotiation prior to the state takeover.

Other complainants to the European Court of Human Rights include Sir William Lithgow, who had a substantial holding in John C. Kincaird and Co, Prudential Assurance which had a stake in Brooke Marine, Vickers, Yarrow and Dowsett Securities. There is also a case brought by English Electric and Vickers, which were joint owners of the British Aircraft Corporation.

The complaints were based mainly on Article 1 of the first protocol of the Human Rights Convention:

"Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law."

The case really hinges on whether international law applies. If it does, the complainants could be judged to have deserved "adequate, prompt and effective" compensation, and could still get their money in the end.

The gist of the Commission's findings is that it was a matter of domestic law and that anyway some compensation was paid. This is what Sir Michael Havers, the Attorney General, is almost obliged to defend: it is in a way the sovereignty of the British Parliament. But there was sufficient doubt for the Commission to allow a court hearing.

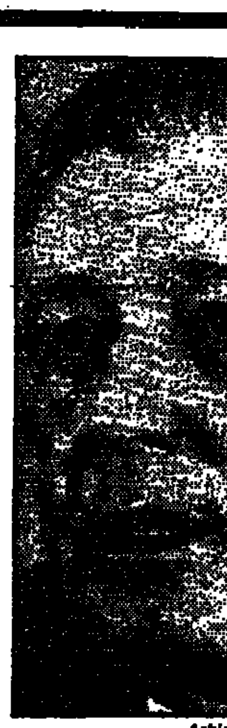
The case will not begin until next spring at the earliest. Even if the judgment is in the complainants' favour, that would not be the end of the matter, though the British Government would have to accept the ruling. There would then be new negotiations between the parties concerned about the compensation amounts.

Privatisation of some of the nationalised yards is planned to go ahead by the middle of next year, but the chances of linking that to a settlement of the compensation dispute are now remote. So the saga will run.

Yet there is one measure that could prevent such incidents in future. The European Convention says that there should be a naional tribunal to deal with such complaints in the first instance. This has not been enshrined in British law. Mr Geoffrey Rippon, the Tory MP has tried to change this before. He will be renewing his efforts in the next few weeks.

THE LONDON 1984 ECONOMIC SUMMIT

This is the first in a series of interviews with finance ministers in advance of the London summit



Ashley Ashwood

Donald Regan

Regan: rates should not go much higher

By Reginald Dale in Washington

MR DONALD REGAN believes that the old "locomotive" theory of economic growth, which starred somewhat unsuccessfully at the last London economic summit seven years ago, has finally "come true." This time round, however, it is up to the U.S., and not West Germany, to pull the industrial countries out of recesion, with the rest of the world following behind.

Because of the spreading U.S.-led recovery, the economic discussions at next week's London summit should be relatively harmonious, the U.S. Treasury Secretary says. "Except," he adds, "for the tensions caused by the high interest rates and the fear of renaissance of inflation, and the fear that the U.S. will not be sensitive of the plight of other countries" (a fear he stoutly denies).

But he sees a noticeable improvement in the climate since last year's summit in Williamsburg, when U.S. growth still looked "fairly anaemic." The current U.S. real annual growth rate, though down from the first quarter's phenomenal 8.8 per cent "is still very strong with inflation remaining cool," he says.

By the autumn, U.S. growth should be in the 4.5 per cent range, he says, with consumer price inflation not over 5 per cent and unemployment (now 7.7 per cent) still coming down. Quite obviously, he concedes, high interest rates are a problem and will be on everybody's mind in London.

"All I can tell them is that currently we think they're high enough and shouldn't go much higher from here. We see no need for this because we have a very simple way of looking at it. What's the rental value of money? Three or 4 per cent? Adding something for inflation, that should be a nominal rate of interest.

"Well, what's our inflation going to be? Five per cent over the next year? Five and four is nine, at least when I went to school. Not 13, and not 12½. So we think that as the market place gets more believability, credibility, what have you, as far as this Administration and this government fighting the battle on inflation, that we'll get credit for that in interest rates.

"Fear is engendered by the fact that those who loaned money over the past 10 years, literally up until 1982, got a negative rate of return. Now they have a positive rate of return, probably more positive than it should be, and I think they want to hold onto that for a while."

The budget deficit and the growing demand for private credit are "obviously the forces that are driving it," says Mr Regan, "but long range, and if you're a money manager you would say, well, having lost money to inflation in the late 70s, I want to make sure that this time that doesn't happen to me. And they can point to deficits, they can point to erratic monetary policy, they can point to many things as their worries, these money managers." The deficits are too large, he says, "not because we're undertaxed but because we're overspending."

He points out that while the summit is taking place, the U.S. Congress will be conferring on deficit reduction plans (of perhaps $150bn over three years) and "we think we're going to get a down payment.

"Remember what the words down payment mean? In the American lexicon, where we're used to buying on instalment credit, a down payment is 10, 20, 30 per cent of the total . . . which means we've got a long way to go on other deficit reduction measures in 1985 and 1986."

However, it is not high interest rates alone that have caused the high level of the dollar—"I can get a higher rate of interest if I want to go to Brazil." The U.S. "when looked at dispassionately from outside our shores, has good growth, low rates of inflation, good rates of interest and an opportunity for enhancement, call that capital gain on your investment." Plus, of course, stable government, and "a myriad of industries that are progressing all the way from hi-tech through the service industries and the like."

Foreign funds should not be discouraged by the troubles of the Continental Illinois bank, which, says Mr Regan, is an exception. "I know that there are a lot of rumours around all of that, but I don't believe them.

"Our banking system is sound and strong and we at Treasury and the Federal Reserve are dedicated to preserving that system. It doesn't mean that every bank is going to remain as is, and shouldn't. We can't keep them and guarantee everything for everybody. But nevertheless we'll guarantee the system."

The international debt crisis has been handled, but the U.S. is not content with the current position, Mr Regan says. "I think we are ready to go on to another stage, after we get through handling a few remaining problems. I think we are going to have to get into the long-range solution. You can't do it with a magic wand, but you can do it by helping these nations with their trade, helping them with their internal economies."

Capping interest rates is not the answer, says Mr Regan. That pre-supposes that interest above the cap will be added onto principal. "Now what good does it do to add it on? All you've done is delay the payment. You might as well stretch out the payments.

"Some of these banks sooner or later want to get paid off. They don't want to keep extending. And it's very dangerous to get political leaders thinking, well, hell, all we've got to do is borrow and re-schedule, borrow and re-schedule. There never is a day of reckoning.

"It just gets to be too easy to not have fiscal discipline, and I think that that's the reason the IMF was created, to try to have some type of fiscal discipline."

One way to the longer-range solution might be multi-year rescheduling, Mr Regan says, "but the majority of this has to be done on the debtor/creditor relationship without sovereign governments getting into it. The private sector can do this a lot better."

So what can the summit do? "Encouraging words along these lines, guidelines, if you will, asking finance ministers to keep a sharp eye on this to search for possible solutions, things of that nature. But I don't see the world leaders coming out and actually getting down to the nitty gritty and saying that this is the way it should be done."

Opening markets will help, but "it's kind of early to be talking about a new (Gatt) round with the Tokyo round still having things to be done." The summit participants, he says, should caution their trade ministers to try to work as fast as they can to accomplish all of the Tokyo round as they look forward to a new round some time in the future, but not try to set a new round too quickly.

"I wouldn't think they'd need a target date," Mr Regan says. But the heads of government are going to have to get to grips with "what's free trade and what's fair trade." If anything, Mr Regan sees this recurring theme as the most pressing one for London.

Letters to the Editor

Academic salaries

From Mr G. Woodward

Sir,—Dr Marett (May 23) mentions that he has some difficulty in understanding the figures used in the article of May 17, re university chemists' earnings. I also have difficulty in understanding Dr Marett's and other university/poly lecturers as regards their earnings in relation to "accountants, doctors and lawyers."

I have yet to read in the media figures adjusted to compare like with like and perhaps Dr Marett might wish to consider the following view.

	(i) Earnings quoted by Marett £	(ii) Adjusted to equate annual basis £	(iii) Adjusted to equate 36-hour week £
Lecturer	14,125	17,264	30,212
Senior Lecturer	16,925	20,686	36,200
Professor	20,300	24,811	57,895

(ii) Assumed uplift to annualise 9 months as 11 months. On the basis that academics work for 9 months.

(iii) Uplift to cover lecturer/senior lecturer requirement to work, say, 20 hours per week and professor 15 hours per week.

I should like to be informed of any senior partner in a general medical practice who earns more than an "ordinary" lecturer, ie £30,212 per annum.

The figures though necessarily estimated give an indication of a quite different scale of values and no doubt will provoke some interesting replies. No other advantageous factors such as Sabbatical leave are taken into account or the freedom which academics have.

The whole question of academic pay in relation to what is done for such requires an examination and perhaps the ripples being caused by such tentative moves in this direction are felt to be uncomfortable by those who for so long have led quiet lives in the groves of Academe.

As long as academics are funded by government they should not be surprised in the current climate if the spotlight of value judgments is focused upon them. There is no justification for complaints that they should be excluded from economic factors which affect everyone else.

G. N. Woodward,
32 Freesall Avenue,
Heald Green,
Cheadle, Cheshire.

Bailing out by the state

From Mr M. Orellana-Benado

Sir,—One is tempted with Dr Fritz Leutwiller, president of the Swiss national bank, to believe that the debt burden should not be reduced with taxpayers' money, and to say that one is "absolutely against the bailing out of banks by the state" (May 23). But there is a problem.

If this approach were applied with equal rigour to debtors as well as lenders disaster would be unavoidable. In Chile, for example, most of the foreign debt was privately contracted; and to critics of this way of financing the Chilean "miracle" the then all-powerful "Chicago Boys" policy-makers responded that, as these were private arrangements between Chilean and foreign bankers, high levels of indebtedness should cause no state-concern.

When the foreign credit sources dried up and the bankruptcies began, however, the Chilean state had to take the responsibility for the insolvency of private banks. Not doing so would have been tantamount to repudiating the foreign debt altogether; and, of course, if Chile didn't pay, why should Argentina, or Brazil, or Mexico pay?

So the Chilean taxpayer ended, ultimately, bailing out the foreign banks. I suspect that this asymmetrical allocation of burdens between the taxpayers of countries with irresponsible borrowers and countries with irresponsible lenders has something to do with current Third World complaints on the debt situation and management — it takes two to owe.

M. E. Orellana-Benado.
Balliol College, Oxford.

Electricity prices to industry

From the Commercial Adviser, Electricity Council

Sir,—Mr Charnock (May 25) demonstrates the limitations of using a single figure to compare prices internationally. He also highlights the problem of comparing prices between consumers with differing patterns of electricity usage.

The nature of electricity supply is such that costs vary widely with the season and time of day, and this is reflected in the tariff features. The effect of this is that larger industrial consumers with continuous processes usually see significantly lower prices than smaller factories with more variable use, such as light manufacturing.

Mr Charnock inquires specifically about the level of charge for industrial consumers similar to himself and how these compare with other countries. The average price of 4.7 to 4.9p/kWh he quotes relates to one winter month only when charges are somewhat higher than at other times of the year. A typical annual price in England and Wales for this type of supply is 4.4p/kWh. In Germany and Italy he would pay 1p/kWh more, and of the other industrialised EEC countries, only in France, which benefits from a substantial nuclear programme, are prices generally lower.

This position is confirmed by the CBI which recently noted that for the majority of industrial consumers, UK electricity prices were competitive with Continental levels.

D. G. C. Gronow.
30, Millbank,
SW1.

Keeping the custom

From Mr F. Steiner

Sir,—The Lex comment (May 24) on the Boots results seems to think little of the consumer, compared with the interests of the company. The average turnover per sale is deemed to be too small and items of larger value are to be substituted.

But what if the packet of Disprin or other minor article that the buyer seeks at a chemist's is not available, and will be not go elsewhere, rather than ask for a home computer instead? One would have expected the heresy—that an enterprise exists primarily for itself and its staff—in various public services, particularly those with a monopoly, rather than in the private sector where the customer can choose.

Admittedly the combined power of food manufacturers, multiple retailers and the media can often overpower the consumer, but not entirely. The large brewers were determined not only to replace draught beer with the more profitable keg, but also, to quote the then chairman of Allied Breweries "to educate consumers out of" their taste and preference. On this occasion the suppliers and distributors did not really win; and Lex might well find that if he substitutes Boots' profit margins too much for their customers' preference, the company might end up losing both.

F. M. M. Steiner.
Reform Club,
Pall Mall, SW1.

Left hand—right hand

From Mr H. Scholes

Sir,—Two of your recent headlines: "Fowler set to back portable pensions" (May 21, to encourage people to change jobs); and "Changes in share option scheme rules announced" (May 23, to encourage employees to stick with their firms).

Does the right hand know what the left hand is doing? And is there any real justification for subsidising either company pensions or share options through the tax system, at the expense of the general body of taxpayers?

Hubert Scholes,
5a, Lancaster Avenue,
Farnham, Surrey.

Disastrous creation of the Leyland colossus

From Mr R. Hervey

Sir,—The "political row" reported on your front page (May 23) about the BL closure at Bathgate and the small plant at Leeds, does not reveal in any detail the history of this disastrous creation which has replaced the once prosperous British motor industry. From what little could be discerned from the "debate" in the Commons over the radio amid the usual uproar, one gathered that the Bathgate plant had been set up by a previous Conservative Government and Labour's spokesman appeared to suggest it should therefore continue to remain in being regardless of cost to taxpayers to "save jobs." What jobs? If there is no market for the commercial vehicles being produced, it is reckless to fly in the face of the £1bn already pumped into BL with so little to show for it.

Your reporters refer to the Charles H. Roe factory in Leeds and to Park Royal Vehicles, closed by BL in 1980. But these factories were never a part of the original Leyland Motors group. They were subsidiaries of ACV, the original maker of London's bus fleet and of others in the UK and overseas, which was itself taken over by Leyland in the early 1960s, presumably with the backing of Mr Donald Stokes (later Lord Stokes) and thrown into the melting pot with no idea of any plans for the future. Indeed the large AEC plant at Southall was itself later closed down when Labour was in office. Would the present Monopolies Commission have allowed Lord Stokes to kill off the competition to his Leyland empire?

The fragmentation of this unwieldly colossus with new plant set up to make buses in Cumbria, and other vehicles in Scotland, seems to have achieved only a large demand for imported products on a scale nobody would have believed possible at the time. Mr Wedgwood Benn forced a takeover of the original BMC shares at 10p a share, although many shareholders were employees of one or other of the previously independent companies, who were in effect dispossessed of their savings.

What there is to show for the acquisition of ACV, headed at the time by the late Lord Brabazon, is impossible to see. The resultant closure of the group and loss of jobs in order to set up in distant parts of the country with little or no experience of the industry, stretching lines of communications for the transportation of assemblies made in established areas, is something Labour's spokesmen did not even mention. Bathgate is only one consequence of these disastrous policies which the Government is now forced to tackle because of the recession, which has taken its toll in other countries, too. How many wage packets produce £1bn tax to pay for all this?

The fact remains that after all the shouting and abuse by Labour's shadow spokesmen, there is precious little to show for the vast expenditure of public money in a substantial part of BL and if Bathgate has proved to be a mistake, no matter who set it up, there can be no good reason for Ministers to avoid taking the proper course of action now. Things just cannot be allowed to drag on indefinitely.

Ronald Hervey.
Blue Shutters,
Wentworth, Surrey.

FINANCIAL TIMES

Friday June 1 1984

CONTROVERSY LOOMS OVER IRAQ CONTRACT

Italian warships face Gulf outcry

BY JAMES BUXTON, RECENTLY IN GENOA

IN THE next few months the Italian Government is likely to face a challenge which could have a major effect on the credibility of one of Italy's fastest growing industries – armaments.

The state-owned shipbuilding concern, Cantiere Navali Riuniti (CNR), is due soon to hand over to Iraq the first of a fleet of warships under construction since 1981. Unless the war between Iran and Iraq ends, the delivery is likely to cause an outcry which could force the Government to block it.

The order for the four frigates, six corvettes, a tanker and a floating dock was initialled four months before the war broke out in 1980. It was worth about $1.6bn and was the biggest defence equipment order Italy had ever received. It has been a major source of work for CNR and the electronics, weapons, engineering and other industries.

The issue echoes the row over the French decision to deliver to Iraq five Super Etendard aircraft with Exocet missiles. That decision alarmed France's allies and Iraq's neighbours, but mightily impressed clients of the French arms industry's reliability.

Italy lacks a strong foreign policy such as those of Britain and France. If it wavers over the Iraqi order, armaments customers will not be pleased. The implications for Italy's arms exports could be serious at a time when prospects are already declining.

There were sober faces at the Genoa naval warfare exhibition last month as exhibitors pondered the future in the light of the Third World debt problem and recession in oil exporting nations.

"There will certainly be a fall in our work in hand after we finish the Iraqi order," said Sig Enrico Bocchini, chairman of CNR. "We need a good order every two years. But there will not be any more for whole fleets as there were in the past."

Before the Iraqi contract, CNR completed a $900m Venezuelan order for four frigates, and was working on a programme for the Italian navy. It now has further Italian navy orders for four corvettes and two multi-purpose landing craft. Although the Iraqi order will continue until 1986, "we need another order from abroad," Sig Bocchini said.

Makers of equipment, guns and missiles are also concerned about the future, partly because of the decline in warship orders.

Sig Attilio di Giovanni, a senior executive at Oto Melara, which makes the Otomat ship-to-ship missile, as well as naval guns and armoured vehicles, says: "We are going through a moment of reflection. We have orders for the next two to five years, but we need more. Our customers are taking about 30 months instead of 20 to make up their minds. They are not sure whether they want something more sophisticated or not, or whether to get by with fewer guns or have more powerful ones.

But not all sectors are worried. Sig Luigi Stringa, managing director of Selenia-Elsag, which makes missiles, radar, fire-control systems and other electronic equipment, is brimming with confidence after a big jump last year in sales and profits. One reason is that electronic systems change so fast that armed forces must keep up to date.

Contraves, the Italian subsidiary of the Swiss company Oerlikon Bührle, believes it is on to a winner with its Seaguard system for last-ditch defence of ships against missiles, although it recently failed to get an order from the British navy. It has, however, sold the system, consisting of radars and rapid firing guns, to Turkey.

The Italian aerospace industry is presently blighted by the crisis at Agusta, the helicopter maker, which has had to make major lay-offs. Aeritalia, however, hopes to do well with its AMX light attack aircraft, to be made jointly with Brazil. Makers of armoured vehicles, including Fiat, are having difficulties, although the Turin-based industrial giant is involved in other defence areas, expecially in the naval and aero-engine sectors.

The Italian defence industry, which had sales of about L7,000bn ($4.1bn) last year, two thirds of it exported, has always had a difficult role. It has had to supply Italy's armed forces with weapons up to the standard of other Nato countries but, because of low Government defence spending, it has rarely enjoyed big volume domestic sales. The emphasis is on exports, therefore.

The Government has refused to spend much on research – only 5 per cent of Italy's state-funded research and development spending (about L300bn a year), compared with Britain's 50 per cent. Companies have had to do as best they can.

Dr Michele Nones, of the Genoa University defence studies centre, believes that the lack of research spending at at time when weapons are becoming increasingly complex may soon tell against Italy. He points to other disadvantages Italy faces compared with France or Britain, both of which have much bigger defence industries and exports than Italy.

The Italian defence industry is young he says. "That was an advantage in the boom years of the 1970s, but is still meant that Italy had far fewer traditional customers than Britain and France. Compared with those countries' ex-colonies, Italy has only Libya and Somalia. Anywhere else, the industry has to offer terms at least as good as those countries and it still has the disadvantage that Italy does not pursue a very strong foreign policy."

Dr Nones points out that Italy's position could be threatened by growing competition both from countries like Israel and Spain, and from West Germany and Japan. The whole Western defence industry is threatened, he says, by the growing quantity of relatively sophisticated weapons which the U.S. armed forces no longer need and which could flood the market. This will tend further to reinforce the position of the U.S. in the defence equipment market.

UK bank rates under pressure

By Our Foreign and Financial Staff

BRITAIN'S major banks face intense pressure to raise their lending charges within the next few days following a sharp rise yesterday in London's money market interest rates.

Speculation that bank base rates will rise to 10 per cent, or perhaps even higher from present levels of between 9 and 9¼ per cent contributed to another turbulent day on the London stock market yesterday.

Shares there fell sharply for most of the day before rallying in late trading, with the FT Industrial Ordinary share index closing 8.5 points lower at 798.8. It was the first time the index has been below 800 since mid-January, and takes the fall over the past four weeks to more than 125 points.

The current nervousness of the market was underlined by movements in the index, which was up 11.1 at the opening, but 17.1 below Wednesday's closing level by mid-afternoon.

This echoed the erratic performance seen on Wall Street the previous afternoon, when the Dow Jones industrial average oscillated more than 11 points either side of its previous close before settling slightly firmer.

The New York market reopened yesterday in slightly calmer mood, but worries over interest rates and world debt were still much in evidence. Bond markets drew comfort, though, from the smaller than expected increase in the leading economic indicators for April.

The Dow was up 2.26 on 1,104.85 at the close.

Earlier in the trading day, Tokyo saw its ninth-largest daily drop in share values which took the Nikkei-Dow market average down 200.83 to 9,940.14 – below the 10,000 level for the first time since March 9.

This compared with its all-time high of 11,190.17 achieved as recently as May 4.

In Sydney, the month long round of selling continued with the All Ordinaries index down 13.8 to 654.9 – a 10 month low.

Most European bourses were closed for Ascension Day but Milan and Madrid, which did trade, both eased.

Some London bankers believe, meanwhile, that the widely felt impact of rising U.S. interest rates and concern over the mounting debt problems of Latin America – combined with uncertainty over UK economic policy – could trigger a rise in bank rates as early as today.

Most, however, believe that the big four retail banks will hold off until the publication of money supply figures for May next Tuesday. These are expected to show a steep rise in sterling M3, the broadly defined measure of money growth.

See Lex
Bourses, Page 33

THE LEX COLUMN

Low-flying pigeon for Reuters

The Reuters offer for sale has been plagued with misfortunes from the very start so, after all the early haggling among shareholders and the subsequent institutional strike, it must have seemed to the company's beleaguered financial advisers only fitting that the selling period should coincide with the most difficult stock market conditions for a decade.

Yesterday evening's announcement that Cadbury Schweppes was calling off its planned equity offering on Wall Street was as good a reflection as any of the present mood of the U.S. primary market and, to that extent, it must be rated an achievement that Morgan Stanley and Merrill Lynch have established a price range for Reuters at all.

None the less, the fact that Reuters' advisers have had to pull back from the earlier indicated pricing range is a striking reversal. In London, it has always been recognised that the New York price would largely determine the level of applications in the UK market, and the tail that wags the dog is now drooping badly. Moreover, the outcome of this offering may help to determine the future for dual market issues and the impression that Merrill, with its unparallelled retail network, was unable to hold the ground is not encouraging.

There is little doubt that, just as last year's forecasts of Reuters' market value often looked far too optimistic, the minimum tender price of 180p was defensive in the extreme. Reuters has yet to prove itself in the U.S. and the appointment of non-executive directors – coupled with the abandonment of the Mercury scheme – have not entirely allayed doubts about the diversification strategy. But Reuters' entrenched position in the fast-growing information markets must be enough to justify a price over 200p on any long-term assessment.

Today, however, institutions will be viewing the price in a much more tactical fashion. They will probably take their lead from the 196p which represents the new floor of the U.S. range and may conclude that, because of the offset underwriting arrangement, there is little to be lost by staying away and hoping to pick up stock as underwriters as in the Cable and Wireless secondary market offering.

The risk that they will miss out and pay more in the after-market is enhanced by the likelihood that some institutions, having boycotted the offer for sale, will start buying next week. Some may very well compromise by putting in a limited application in the 190p-200p range and taking their chances on the rest. In the present market climate, it is impossible to predict the mood even 24 hours ahead. But, for smaller or long-term investors, there is little to be lost by a striking price application.

Habitat/Mothercare

The market may have been a touch disappointed with Habitat/Mothercare's interim results last December, but the Conran approach nevertheless remained more or less the City of London's favourite model of a modern high street strategy. The full-year figures show little to complain of. Pretax profits for the year to March having marched ahead by 33 per cent to £30.6m on a pro-forma basis.

One pleasing aspect of the outcome is a better than looked-for improvement in the two eponymous UK businesses, where like for like sales growth of 11 or 12 per cent in nominal terms was translated into a 40 per cent increase in profits at Habitat and 30 per cent at Mothercare. It is also clear that the moment when Mothercare finally produces an operating profit in the U.S. is only just round the corner.

The focus of interest is, however, always Habitat's latest initiative or initiatives. Currently the first fruits of its Richard Shops acquisition are showing through in the slightly unexpected shape of a small positive contribution to the revenue account. Admittedly the £200,000 associate income is derived from realising enough property surpluses to offset the interest on borrowings of more than £30m, but at least there is a trading profit. Marshalling these resources into a genuinely profitable Conranised form may still take a year or three.

On two other fronts the news is more immediately encouraging. Both the experimental Now boutiques and the revamped Heals are already looking as if they may be eligible for chaining. If the plans for these various concatenations work out, growth rates of 15 per cent in real terms over the next few years do not look out of bounds. And they are probably in the prices, even at yesterday's 272p – 21 per cent below its peak.

Markets

Yesterday's volatility in equities is the kind of thing to give bull market corrections a bad name and had the chartists sharpening their pencils over lunch.

The list of worries was little changed, give or take a Latin American debt rumour or two, and there was even just the faintest glimmer of light at the end of the miners' tunnel. Nothing soothed the market towards its close more than the calm opening on Wall Street, however, and the City's present preoccupation with events in the U.S. shows no sign of abating.

The better than expected reception for the latest U.S. Treasury auction has certainly afforded a moment's relief in the New York bond market. Gilts also had a better day yesterday and the sharp jump in overnight rates suggested some degree of erosion of institutional cash away from the money market.

Brussels plan for 'true' market

By Paul Cheeseright in Brussels

THE EUROPEAN Commission is proposing to the 10 member states of the EEC an action programme over the next 18 months to create a true common market.

The programme covers not only technical matters relating to frontier controls and a common document to cover the movement of goods through the EEC, but also broader measures such as the harmonisation of company law and tax systems.

Action on such a programme would have the same qualitative effect on creating a common market as did the earlier establishment of a customs union, the Commission maintains.

Its programme, with an assessment of the measures already taken by the Ten on internal market matters, is being put forward as the base for talks by trade ministers when they discuss the internal market on June 19.

Movement to free the EEC's internal market is a commitment of past Community summits. Seeking to create a "genuine economic union," leaders of the Ten in Brussels last March picked out "strengthening of the internal market so that European undertakings could derive more benefit from the Community dimension" as a priority.

There was hope in the Commission and within the British and Dutch Governments that the problems caused to EEC goods traffic by the French lorry blockade and the hold-ups on the Franco-Italian frontier last February would act as an impetus to moves on the internal market.

This hope proved to be false as far as decisive measures were concerned.

Diplomats noted that internal market decisions can only be reached after careful technical preparation by officials, and that such preparation is only undertaken if the presidency of the Council of Ministers' has firm ideas of what it wants to achieve.

France, which holds the presidency for the first half of this year, has had only one internal market meeting of ministers and that was called at short notice.

Buenos Aires set to sign IMF letter of intent next week

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA WILL sign its letter of intent to the International Monetary Fund by Wednesday after presenting it to Congress and following final consultations with the Fund's technical team, which is currently in Buenos Aires, according to senior officials.

This means that Argentina has missed the latest deadline (midnight last night) set by the U.S. Government and Latin American countries as the key element in March's $500m rescue package. As part of the accord the U.S. agreed to make a temporary $300m loan to Argentina on the condition that the country first reached an agreement with the IMF by the deadline. This money was to be used by Argentina to pay back its Latin American neighbours.

However, Sr Adolfo Canitrot, the undersecretary of planning and one of Argentina's chief negotiators with the IMF said on Wednesday that the countries involved in the package had agreed to a further extension of a few days on the understanding that the delay did not reflect a last-minute political hitch. According to Sr Canitrot, the draft letter was virtually complete and officials were "simply rechecking figures".

Officials are remaining silent about the exact content of the projected letter, although Sr Canitrot said that it represented a "compromise" between economic "realism" and President Raul Alfonsin's repeated insistence that his Government would not accept excessive austerity.

Even if a letter of intent is dispatched to the IMF next Wednesday it also remains to be seen whether its terms will be acceptable to its managing director, Mr Jacques de Larosiere.

Significantly, Sr Canitrot was until recently emerging as one of the hardliners in the Government because of his insistence that Argentina's negotiations with the fund were close to breaking down.

Officials in Buenos Aires are now confident that the letter will be tacitly accepted by the opposition Peronist party – which is understood to have been privately consulted over the last week – and that it will give a fresh impulse to Argentina's current negotiations with the foreign banks on the rescheduling of about $20bn falling due this year.

Reuter cuts share issue price

BY ALEXANDER NICOLL IN LONDON

REUTERS, the international business information and newsagency group, yesterday reduced the price range within which it expects to offer shares when it obtains a public listing on Monday.

The offering, to be made simultaneously in London and New York, is expected to fetch a price of between 196p and 210p. The prices compare with a range of 200p to 235p forecast when the prospectus was published in mid-May.

Poor market conditions were understood to have forced the lowering of the range. The weak state of stock markets has forced another British company, Cadbury Schweppes, to postpone a £54m ($74.7m) offering in the U.S.

In a statement issued late yesterday, the confectionery and soft drinks group blamed the postponement on "the recent and continuing unsettled conditions in the financial markets in the U.S. and UK." It said interest in the planned offering had been widespread and it would proceed when financial markets were more settled.

The Reuters sale, if conducted within the newly announced range, would raise between £223m and £239m and would put a total value on the company of between £770m and £825m.

The final striking price, which will not be below 180p, will be set on Monday. Applications for the UK-listed shares will close with the arrival of tomorrow's post.

In London stockbrokers Hoare Govett and Cazenove, as joint brokers to the issue, have placed the 57m shares being offered with about 200 institutions, despite a boycott by some pension funds and insurance companies who objected to restricted voting rights.

In New York, Reuters plans to offer 49.8m to 57m shares in the form of American depositary shares at the equivalent dollar rate to the London striking price.

U.S. leading indicators bring cheer

Continued from Page 1

main strong disagreements on the implications that this has for Federal Reserve Board monetary policy.

"The numbers hint at some slowing in the third or fourth quarter, but this may not be enough for the Fed," said Mr David Jones of Aubrey Lanston, the Wall street firm.

The major factor in the April increase in the index to 167.8, compared with a base level of 100 in 1967, was an enormous increase in the length of the average working week. This grew more than in any month since November 1980, and substantially bolstered consumer buying power.

Separately, the Commerce Department reported that new factory orders in April fell 3.5 per cent to a seasonally adjusted $189.15bn, compared with a revised increase of 2.5 per cent in March to an adjusted $196.14bn, and a rise of 1.4 per cent in February to an adjusted $191.34bn.

The decline was the sharpest since a 3.9 per cent decrease in May 1980. The decline was concentrated in the durable goods sector – on expensive items like cars and home appliances – with about three-quarters of the latest drop resulting from a sharp decline in volatile capital goods orders for defence. The overall orders figure would still have been 1 per cent lower had the drop in defence orders been excluded, the department said.

Analysts noted that the figures showed factory shipments declining 0.9 per cent in April, while factory inventories expanded 1.1 per cent – "suggesting just a little bit of softness," said one.

Nato ministers reaffirm policy

Continued from Page 1

logue back into balance after the over-emphasis on detente in the 1970s.

Some European Foreign Ministers, notably Mr Genscher of West Germany, are believed to have sought a rather more conciliatory statement. However, all the ministers in Washington acknowledge that with Moscow seemingly set fast against the resumption of arms control talks or other moves to improve East-West relations, the climate is not propitious for new initiatives.

Most ministers are clearly pleased with the way the Washington meeting – which included a long "super-restricted" session at a country house outside Washington – has gone.

Mr George Shultz, U.S. Secretary of State, said the meeting was "of immense significance for the cause of peace." There was "quiet confidence" that Nato had been "basically on the right track and it remains there."

President Reagan, greeting ministers formally at the White House, went even further. All Governments recognised, he said, "that there is nothing more important than the development of a better working relationship with the Soviet Union."

Ministers made it plain that they had not felt it necessary to review or change Nato's military strategy.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	15	59	Dubrovnik	S	22	72	Malaga	S	21	70	Salzburg	F	17	63
Akrotiri	S	25	77	Faro	S	21	70	Malta	—	—	—	Seoul	S	27	81
Algiers	C	14	57	Florence	C	20	68	Manila	S	34	93	Singapore	S	32	90
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13	55	Miami	C	28	82	Stockholm	S	20	68
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19	66	Milan	S	19	66	Strasbourg	C	12	54
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18	64	Moscow	F	24	75	Sydney	C	19	66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	Munich	F	12	54	Taipei	R	28	82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12	54	Nairobi	—	—	—	Tangier	C	20	68
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23	73	Naples	C	24	75	Tehran	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	29	84	New Delhi	—	—	—	Tel Aviv	S	26	79
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17	63	New York	R	12	54	Tenerife	C	22	72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22	72	Nice	F	17	63	Tokyo	C	24	75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	25	77	Oporto	C	14	57	Toronto	C	10	50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12	54	Oslo	C	21	70	Tunis	S	27	81
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11	52	Paris	F	19	66	Valencia	C	21	70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22	72	Prague	F	15	59	Venice	F	19	66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22	72	Reykjavik	C	5	41	Vienna	F	19	66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18	61	Rio de J'o	C	34	93	Warsaw	C	18	64
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15	59	Rome	C	24	75	Zurich	F	14	57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19	66								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	31	88								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15	59								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21	70								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16	61								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Enstar bid opposed

BY OUR FINANCIAL STAFF

OPPOSITION grew yesterday to the agreed takeover bid by Allied Corporation and Ultramar for Enstar, the Texas oil company, when Mr Roy Huffington, Enstar's largest shareholder, sued to block the deal.

The suit follows another filed on Wednesday by Mr Thomas Thompson, another shareholder. Several large shareholders, including Mr Huffington have said will drive off other potential suitors.

● Fourth-quarter losses at McDermott international, the U.S. offshore construction and power generation equipment company, more than doubled from $5.1m or 13 cents a share to $786.3m to $720.6m.

Despite the setback, however, net earnings for the year ended March 31 jumped from $55.7m or $1.51 a share to $120.8m or $3.06, on revenues down from $3.7bn to $3.08bn.

McDermott has been able to obtain important overseas contracts recently, including work offshore Saudi Arabia. However, revenues have been falling because of the depression in marine construction in other areas, although cost reductions are expected to allow profit margins to improve.

In March McDermott agreed to acquire the trading, engineering and construction operations of Coutinho Caro, a privately owned West German group.

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FINANCIAL TIMES
Friday June 1 1984

UNC wins $300m in uranium settlement

By William Hall in New York

UNC RESOURCES, a Virginia-based holding company with interests in extractive industries and manufacturing and service operations, has won an estimated $300m settlement in a complicated lawsuit involving disputed uranium supply contracts.

UNC Resources announced yesterday that General Atomic Corporation and its constituent partners, Gulf Oil and Scallop Nuclear, a unit of the Royal Dutch/Shell group, has agreed to the terms of the settlement. These include a $130m cash payment, the assumption by General Atomic of UNC's obligation to repay some 2.3m pounds of uranium owed by UNC to a utility. UNC said that this last liability was carried on its books at about $71m.

In addition, UNC said that Standard Oil of California, which now owns General Atomic following its takeover of Gulf earlier this year, has agreed to invest $100m in UNC through the purchase of unissued stock.

The long-running legal battle between UNC and General Atomic, which was a partnership between Royal Dutch/Shell and Gulf until the latter took full control in 1982, centred on certain long-term uranium supply contracts.

C$25m loss for Turbo Resources

By Bernard Simon in Toronto

TURBO RESOURCES, the Canadian energy group embroiled in a dispute with creditors and regulatory authorities over the sale of its subsidiary, Bankeno Mines, suffered a loss of C$25m (US$19.3m) or C$1 per common share in the three months to March 31, compared with C$39m (C$1.52 per share) in the same period last year.

Revenues rose from C$131m to C$167m, mainly because of higher sales of refined oil products to the U.S. and to other oil companies. Mr Norm Gish, chairman, forecast a return to profitability once Turbo had rescheduled its debts, resulting in a lower outflow of interest payments. Operating income before interest and depreciation totalled C$8m in the first quarter, compared with a C$1m loss in January-March 1983.

Turbo Resources has asked the Ontario Securities Commission to extend until the end of June the deadline for the sale of its 90 per cent interest in Bankeno Mines. It said that "active negotiations" for the sale continue.

Air Florida in recapitalisation

By Our Financial Staff

AIR FLORIDA, the struggling U.S. airline, which won another breathing space in its battle for survival earlier this week, plans a private placement of equity, followed by a public offering in the first half of next year, to complete a three-step recapitalisation plan.

The first stage of the plan fell into place on Tuesday when General Electric Credit agreed at the last moment to provide the airline with a $5m loan. Mr J. R. K. Tinkle, Air Florida chairman, said the private placement might involve General Electric Credit exercising its option to buy 55 per cent of the carrier.

Meanwhile, the Airline Clearing House, which settles accounts among U.S. carriers, reinstated Air Florida after the airline agreed to pay a $2m debt. Its membership had been terminated on Tuesday.

Nissan and Mitsubishi suffer profits setbacks

BY ROBERT COTTRELL IN TOKYO

STRONG DOMESTIC competition, and the effect of the rising yen on overseas sales, have hit the results of two of the world's leading car makers – Nissan Motors and Mitsubishi Motors of Japan.

At Nissan, parent company net profits fell 28.1 per cent to Y70.53bn ($305m) from Y95.5bn, while sales rose by 8.6 per cent to Y3,460bn. The unquoted Mitsubishi Motors had its consolidated net more than halved, to Y5.56bn from Y12.67bn, in spite of a rise in sales by 10.6 per cent to Y1,174bn.

For both companies, the drop in net earnings reflects falls in pre-tax revenues. At Nissan these fell from Y154.35bn to Y120.86bn, while at Mitsubishi they dropped sharply from Y18.67bn to Y7.06bn. Nissan plans, however, to pay an unchanged total dividend of Y7.

Both companies expect a sharp rise in earnings in the current year. Nissan says that its parent company net should rise by at least a third to Y160.86bn. Mitsubishi, which is 15 per cent owned by Chrysler of the U.S., forecasts a 44 per cent rise to Y8bn for group net earnings.

Sales at Nissan for 1984-85 are expected to rise to 2.78m units from 2.72m units last year, said Mr Shunji Sato, managing director. He predicts strong sales both at home and overseas.

During the year to March, sales at each of Nissan's divisions rose with vehicles contributing Y2,961bn, up from Y2,760bn; knockdown kits Y84.3m, up from Y46.5bn; automotive parts Y397bn, up from Y357bn; textile machinery and aerospace equipment Y37.2bn, up from Y34.6bn.

Mitsubishi is forecasting unit sales in the year to March 1985 of 1.15m from the 1.04m units of last year. Exports are seen as rising to 590,000 units against 552,000 in 1983-84. In money terms, sales are expected to increase by 15 per cent to Y1,350bn.

Commenting on its losses due to the stronger yen, Mitsubishi said it estimated these at Y20bn in 1983-84 and added that increases in marketing costs and wages had amounted to Y25bn.

Sales of new models, the Mirage and the Gallant, in the U.S. and Europe should boost its group performance in the second half of the current year.

Nissan's earnings from foreign exchange fell by Y34bn to Y80bn, the company said.

Preussag confident for year

BY JONATHAN CARR IN FRANKFURT

PREUSSAG, the West German metals, energy and transport concern, looks set for another strong result this year after boosting profits in the first quarter.

In particular there are signs that the metals division will be back in the black, following Preussag's decision to dispose of its loss-making lead smelting foundry in Canada.

Last year, Preussag's domestic metals operations improved earnings by more than DM 50m ($18m), chiefly because of the zinc price rise as general economic recovery set in. But the losses in Canada exceeded this sum.

Overall domestic group net profit for 1983 was up to DM 113.9m from DM 68.8m in the previous year, on sales ahead 5 per cent to DM 4.3bn.

Parent company net profit rose by DM 9.5m to DM 80m and an unchanged 16 per cent dividend is being paid.

The Preussag group's world external sales increased by 11.1 per cent to DM 12.5bn, thanks mostly to a strong performance by Amalgamated Metal Corporation, the London-based metals trading subsidiary in which Preussag has an 88.8 per cent stake. AMC's net profit almost doubled to £4.1m ($5.6m) on turnover up from £1.6bn to £2.1bn.

● PHB-Weserhütte (PHW), the decentralised West German bulk handling group, sees no real recovery in the world market until next year but expects to maintain profitability in 1984 despite falling orders and sales.

The PHW parent company slightly increased net earnings from DM 2.3m to DM 2.5m in 1983 and will pay an unchanged 5 per cent dividend to its mainshareholders, the Otto Wolff and Hoesch industrial groups. Herr Peter Jungen, chief executive, said group earnings, swelled by PHW foreign subsidiaries, was up around a quarter to DM 26m.

Group and parent company sales revenue were almost unchanged from the 1982 levels at DM 1.16bn and DM 610m respectively. During the year, the group acquired or founded seven foreign affiliates, as part of a strategy of flexible and independent access to foreign contracting business, which accounted for 8 per cent of group sales.

Merck lifts earnings after strong sales

BY OUR FRANKFURT STAFF

E. MERCK, the West German family-owned chemical and pharmaceutical group, lifted sales revenue by 7.2 per cent to DM 2.67bn ($974.5m) last year.

Profits of the Darmstadt-based concern, which declined in 1982, recovered strongly with a 35 per cent rise to DM 31.5m.

Dr Hans Joachim Langmann, the chief executive who is taking over as the new head of the federation of German industry (BDI) next year, said that group sales in the first four months of this year were 14 per cent ahead of a year ago. The group hoped for a further improvement in earnings, he said.

Merck, which employs 19,680 workers, invested DM 183.1m and spent a further DM 176.6m on research and development last year. The investment included a pigment factory in Japan, a vitamin project in Indonesia and modernisation of chemical production in the UK.

Merck's chemicals business has been showing greater momentum than pharmaceuticals. Chemical sales rose 9.5 per cent last year to make up 53 per cent of group revenue.

Christiania improves

BY FAY GJESTER IN OSLO

CHRISTIANIA BANK, Norway's second largest commercial bank, which recently merged with Fiskernes Bank, increased its profits in the first four months of this year – mainly because assets grew faster than operating costs.

Operating profits for January-April, before bad debt provisions, were NKr 230m ($29.5m), corresponding to 1.74 per cent of average total assets. In the first four months of 1983, Christiania's profits equalled 1.5 per cent of average total assets and Fiskernes' only 0.42 per cent.

Net interest income, at 3.72 per cent of average total assets, was the same in January-April this year for the enlarged bank, as for Christiania alone in the corresponding period of 1983.

The average total assets of the two banks taken together rose by 25 per cent from January-April 1983 to the same period this year.

Norwegian building deal

HØYER-ELLEFSEN, a leading Norwegian building and construction company, is paying NKr 35m ($4.5m) to acquire a 95 per cent stake in a smaller rival, Astrup & Aubert.

The combined company, which is being called Astrup-Høyer, will have a labour force of more than 3,000, and annual turnover of nearly NKr 2bn.

It will create a larger group better placed to compete on the international market.

Maco-Meudon acquired from IBH receiver

By Andrew Fisher

MACO-MEUDON, the French compressed air equipment and tool company, has been bought from the receivers of its collapsed parent, IBH Holding of West Germany, and plans to increase sales in the UK and English-speaking countries.

M Patrick Massardy, who joined IBH in 1982 to run the three French companies in the group – the other two are being liquidated –, acquired Maco-Meudon from the French receiver in Lyon.

He declined to comment on the terms of the deal, but said they included a moratorium on payments to creditors. Maco-Meudon became part of IBH in 1979.

He said turnover of the company was FFr 230m ($27m) last year and would be only FFr 180m in 1984 as a result of rationalisation measures, including staff cuts from 530 to 220 people.

M Massardy said he hoped the company would return to profit this year. Talks are taking place in the UK this week on possible links with UK makers of engines which could be used in Maco's compression equipment.

With the privately owned Cotswold Plant and Engineering of the UK, Maco-Meudon intends to increase its annual sales of £1m ($1.38m) a year in the UK and extend business in the Far East, South Africa, and Australia.

Early this year, he said, the company won an FFr 11m order to provide 300 compressors for the French subsidiary of Fruehauf of the U.S. for use in tanks for Algeria. Some 40 per cent of Maco-Meudon's sales are for export.

Shell offer closes as bid probe continues

By William Hall in New York

ROYAL DUTCH/SHELL, the European oil company, announced yesterday that its $58 per share offer for the minority stake of Shell Oil which it does not own had expired and that it now controlled 94.7 per cent of its U.S. subsidiary.

SPNV Holdings, a subsidiary of Royal Dutch/Shell, said that based on a preliminary count, about 78.3m shares had been tendered under the offer. It said that it was no longer accepting tenders of shares.

Shell Oil's shares have continued to trade at a price marginally higher than the $58 per share offer as Wall Street tried to assess whether the European oil group would be forced to increase its price for Shell Oil.

A U.S. court has temporarily blocked the completion of the deal after finding that Royal Dutch may not have offered a fair price for Shell Oil.

The court ordered Royal Dutch/Shell's investment advisers to produce a new "fairness" opinion on the price offered to the minority shareholders in Shell Oil. This opinion will be based on Morgan Stanley's investigation of confidential Shell Oil information on the size and value of its oil and gas reserves.

Shareholders who have accepted Royal Dutch/Shell's offer will be able to withdraw their shares after the publication of Morgan Stanley's findings, although there is doubt whether many will do so, since Royal Dutch has said that it will not increase the $58 tender offer price for a period of at least 18 months.

U.S. state owned railway draws new bid

By Our New York Staff

NORFOLK SOUTHERN, the U.S. railway company, has announced that it intends to make a bid for Consolidated Rail Corporation (Conrail), the U.S. government-owned rail network.

Norfolk Southern is not the first bidder for Conrail, which earned $313m on revenues of $3.1bn in 1983 and is now regarded as one of the more profitable U.S. railways.

Alleghany Corporation, flush with funds from the sale of Investors Diversified Services to American Express, has offered the Government more than $1bn for Conrail. Other major rail groups such as CSX and Santa Fe have shown interest, and Conrail's employees have also been trying to organise a leveraged buyout. Norfolk Southern has the financial resources to complete a takeover, though, and is seen as one of the favourite candidates to own Conrail.

After losing more than $1.5bn between 1976 and 1981, Conrail has made a remarkable profit recovery and the Administration is anxious to sell it back to the private sector to fulfill an election promise.

Orenstein sees firm recovery

By Our Financial Staff

ORENSTEIN and Koppel has recovered strongly in 1983, boosting sales by a fifth and turning a net loss of DM 10.1m for 1982 into a net profit of DM 6.5m ($2.4m).

The West German maker of heavy construction equipment saw sales dip by a tenth in 1982, but turnover for 1983 has risen by a fifth to DM 1.36bn, with the proportion of exports declining from 55 per cent of the total to 48 per cent.

The main thrust to the recovery has come from improved trading efficiency. A wide-ranging programme of rationalisation has now been completed with the workforce declining by almost 20 per cent in two years.

Shareholders were told earlier this year that 1983 would see a return to profits, although Orenstein gave no indication of when it would resume paying a dividend.

J. P. Stevens on recovery track

By Our Financial Staff

J. P. STEVENS, the major U.S. textiles and commercial printing group, has continued a recovery that began in the fourth quarter of its last fiscal year by more than tripling second-quarter profits.

Net earnings in the three months ended May 5 jumped from $1.5m or 9 cents a share to $4.6m or 25 cents, on sales up from $488.2m to $550.1m. This took earnings for the first six months to $8.4m or 48 cents a share, against $896,000 or 4 cents, on sales up from $892.1m to $1.07bn.

Triumph-Adler sales up despite labour troubles

BY JOHN DAVIES IN NUREMBERG

TRIUMPH-ADLER, the West German office equipment group, has lifted sales revenue strongly in the first four months of this year and is hoping to consolidate its recovery programme despite labour troubles.

The company, which is 98 per cent owned by Volkswagen, the motor vehicle manufacturer, has been steadily reducing its losses and aims to break even this year.

It has been troubled by the labour conflict in the West German metal industries, however. Its Frankfurt factory has been disrupted by a strike of union members seeking a shorter working week.

Dr Peter Niedner, the chief executive, said the group's worldwide sales revenue rose 3 per cent last year to DM 2.025bn ($739m), with 58 per cent of revenue earned in North America.

He said that group sales in the first four months of this year were 12 per cent ahead of a year ago, with the strongest advance in the U.S., West Germany, the UK and Japan.

TRIUMPH-ADLER: SOURCE OF SALES REVENUE (DM m)

	1980	1981	1982	1983
North America	776	1,029	1,055	1,183
West Germany	375	337	352	382
Rest of Europe	353	364	376	326
Other countries	144	224	181	134
Total	1,648	1,954	1,964	2,025

Triumph-Adler, which has been carrying out major restructuring measures and emphasising output of advanced electronic products, further reduced group losses to DM 49m last year from DM 134m in 1982.

This means that Triumph-Adler now has drawn about DM 400m of the DM 600m which Volkswagen has made available to cover losses and meet the cost of getting the company on its feet.

Electronic products contributed 91 per cent of the group's sales last year, compared with only 63 per cent in 1980.

The company has streamlined production and marketing of electronic typewriters and is continuing similar efforts in other product areas, including computers.

Dr Niedner said that Triumph-Adler increased its share of the West German electronic office typewriter market to nearly a third last year, compared with 27 per cent in 1982 and 19 per cent in 1981. Worldwide, every sixth electronic typewriter now came from Triumph-Adler, he said.

Hapag in record DM 150m loss

BY ANDREW FISHER

HAPAG-LLOYD, the major West German shipping, transport and tourism group, incurred a net loss of DM 150.3m ($55m) in 1983, its worst deficit, but hopes to approach break-even point this year now that heavy restructuring costs have been met.

The loss was more than double the 1982 figure of DM 68.5m. This year's performance would depend on the state of the world shipping markets, said Herr Hans Jakob Kruse, head of the management board.

"The restructuring is done," he added. It has cost the group about DM 300m and the major shareholders – Deutsche Bank, Dresdner Bank, and the Veritas investment trust (owned by insurance companies) – have put a further DM 287m into the group in the past two years.

Hapag-Lloyd's turnover was down last year from DM 4.3bn to DM 3.9bn. The labour force fell from 10,450 to 9,160 and another drop will take place this year. The group has moved out of bulk and tanker shipping and sold its air and sea freight forwarding business.

Several rationalisation moves have taken place this year, notably the merger of the shiprepair yard with Bremer Vulkan, leaving Hapag-Lloyd with an 11 per cent stake in the joint company's equity, and the sale of the Bonn supertanker.

Last year, the group suffered a loss of DM 15m (DM 40m the year before) on its liner shipping activities.

On the North Atlantic, which has seen fierce competition, although freight rates and cargo volumes are now improving, losses shot up from DM 35m to DM 80m.

Stet enjoys fourfold profits rise

BY JAMES BUXTON IN ROME

STET, the Italian state-controlled telecommunications holding company, had a substantially better year in 1983 compared with 1982, reporting an almost fourfold increase in net profits.

The company, which forms part of the IRI group, controls subsidiaries which both provide telecommunications services in Italy and manufacture telecommunications and electronic equipment. Last year, for the first time in many years, all Stet's subsidiaries either made profits or roughly broke even.

Sig Michele Principe, the managing director, indicated that there would be no conclusion of the discussions Stet is conducting on possible alliances with other groups, such as IBM and Olivetti, before the end of June. But he said the company was close to reaching an industrial co-operation agreement with another Italian concern.

Stet's consolidated sales rose 21 per cent last year to L10,600bn ($6.2bn) and investments were up by 20 per cent at L4,100bn. The group's consolidated net profit rose from L125bn in 1982 to L480bn in 1983. The net profit of the parent company, the income of which consists mainly of dividends and interest, rose from L48bn in 1982 to L342bn in 1983.

PHOTOGRAPHIC GROUP LOOKS TO SNAP-HAPPY AMATEURS

New film puts Agfa back in the race

BY PAUL CHEESERIGHT IN BRUSSELS

AGFA-GEVAERT, the Belgo-German films, photographic equipment, tapes and office systems group, expects a dramatic increase in profits this year, according to Mr Andre Leysen, president.

Losses in West Germany, which came to DM 200m ($72m) last year, will be sharply reduced as the financial effect of camera factory closures disappears. Also, the launch of new films for amateur photographers should strengthen the company's position in the consumer products sector of the industry.

"We're back in the race in the consumer field and we want to regain our market share," said Mr Leysen.

Agfa-Gevaert, a subsidiary of Bayer of West Germany, had pre-tax profits last year of BFr 4.5bn ($80.7m) on a turnover of BFr 118bn. Consumer products such as films, photographic products and tapes represented 28 per cent of the total. The balance came from technical products, including X-ray film, graphics and cine film.

This year, however, Mr Leysen wants to see a turnover of about BFr 130bn as consumer products sales increase.

Such an increase would end a long period of difficulties for the group in the films sector. Problems began a decade ago when Fuji of Japan made its presence felt on international markets with film that, in the development process, was compatible with that of Kodak of the U.S., the market leader.

"We lost the battle of standarisation," commented Mr Leysen. There was nothing wrong with the quality of Agfa-Gevaert film, but lack of compatibility meant that film developing companies needed two processing systems, one for each brand.

In cases when Agfa's market share was small, films were often treated incorrectly in the Kodak bath, or were not handled at all.

Agfa-Gevaert slowly began to lose market share, especially to Fuji. The change in the composition of the group's turnover was also influenced by a conscious diversification on the technical side. A decade ago consumer products made up 50 per cent of sales.

With the introduction earlier this year of a new range of five films – Agfachrome CT64 and CT200, and Agfacolour XR100, XR200 and XR400 – consumer products will start to boost profits, instead of dragging them down.

But the costs have been high. It took four years to convince the group's technicians that improving the film was necessary – they believed the product was good enough.

Research into the basic change of chemistry needed to create a new range cost BFr 6bn, while the market opportunities lost through failure to act quickly are not quantifiable.

On the international markets, however, Agfa-Gevaert's efforts should strengthen its position relative to Fuji and Kodak; the three being the only producers which make the whole range of consumer and technical film. And they are surrounded by specialist producers such as Polaroid, Du Pont, Ilford, Konishiroku and 3M.

Mr Leysen is reticent about Agfa-Gevaert's market share, but he noted that Kodak's is traditionally 3.5-4 times larger than those of Agfa-Gevaert or Fuji.

Price falls hit Japanese steelmakers

BY ROBERT COTTRELL IN TOKYO AND TERRY POVEY

JAPAN'S five leading integrated steelmakers lost an aggregate Y25bn ($107.9m) net in the year to March 31 compared with a total net profit of Y120.2bn in the previous year. The results are for parent companies only.

Of the five only Nippon Steel, the largest, and Kawasaki Steel reported net profits. Nippon Kokan, Kobe Steel and Sumitomo Metal Industrial fell into the red. All maintained their final dividends at the Y5 level with the exception of Nippon Kokan which reduced it to Y4.

As all five companies were making larger net losses at the mid-point the annual figures tend to confirm industry analysts' views that the fall in steel export prices had bottomed out by mid-year and has either been recovering or has stabilised through the second half.

According to Nikko Securities average export prices of steel fell to $401 per ton over the first three-quarters of 1983 compared with an average for 1982 of $523.3 per ton—a 20 per cent fall. However, sheet steel prices for export have showed a firmer trend with hot rolled in the first quarter of 1984 up 8 per cent over the 1983 average and cold rolled up 3.2 per cent.

The effect of this trend—essentially a differential impact on those more dependent on seamless pipe than sheet steel sales—is clear from the results. The two companies still making a net profit are those with 50.60 per cent rolled steel sales and less than a quarter for pipe. The three making a net loss have less than a third of sales traditionally in sheet and 25 per cent or more in pipe.

Kobe Steel is something of an exception to this trend as it depends more heavily on other products than the rest of the five. Clearly the returns from its industrial machinery and aluminium and copper rolling divisions have not been good enough to offset the poor performance of the seamless pipes.

According to Nomura Securities domestic demand for steel in Japan will grow by about 1 per cent a year and exports are seen as being more or less static over the next five to 10 years.

The broker expcts pre-tax profits of the big five to reach Y254bn in the year to March 1985—a long way from the pre-tax loss of Y22.36bn recorded in the year to this March.

For its part Nippon Steel is forecasting a recovery in net and pre-tax profits for the current year, based on higher domestic demand and increased exports to China.

A detailed forecast for earnings, however, is not being given because of "uncertain conditions," said the company. It is expected that Nippon Steel's net profit will exceed the last year's Y3bn level and that the pre-tax result will also be higher.

This year's results were blamed on a 15 per cent fall in export prices for the company—with most of the fall being in seamless pipes. The loss in export earnings totalled some Y183bn which more than offset lower input prices.

Crude steel output for Nippon Steel in 1983-84 totalled 27.73m tonnes, u pfrom 27.05m in the previous year. The company plans to invest Y185bn in new equipment in the current year, lower than last year's Y210bn level.

PARENT COMPANY RESULTS

	Sales (Ybn) to March 84	Change %	Net (Ybn) to March '84	Net (Ybn) to March 84
Nippon Steel	2,640	−2.3	3.0	32.91
Nippon Kokan	1,354	−10.7	†11.07	26.79
Kobe Steel	1,251	+5.8	†5.96	11.94
Kawasaki Steel	1,092	−4.5	0.82	18.80
Sumitomo Metal	1,077	−16.7	†11.75	29.76

† Loss

McDermott in red for fourth quarter

By Our Financial Staff

FOURTH QUARTER losses at McDermott International, the U.S. offshore construction and power generation equipment company, more than doubled from $5.1m or 13 cents a share to $10.3m or 28 cents, while revenues slipped from $786.3m to $720.6m.

Despite the setback, however, net earnings for the year ended March 31 jumped from $55.7m or $1.51 a share to $120.8m or $3.06, on revenues down from $3.7bn to $3.05bn.

In November, when reporting a near 3½ times increase in second quarter net earnings, the company said it expected second half operating results to be lower than in the first half.

McDermott has been able to obtain important overseas contracts recently, including work offshore Saudi Arabia. However, revenues have been falling because of the depression in marine construction in other areas.

City banks boost earnings 19%

BY YOKO SHIBATA IN TOKYO

JAPAN'S 13 city banks — its leading commercial banks — showed impressive earnings gains in the year ended March 31. Aggregated pre-tax profits surged by 19.9 per cent to Y1.076.1bn ($4.7bn).

Combined net profits rose by 33.4 per cent to Y493.6bn. Revenues, however, dropped by 4.1 per cent reflecting the decline in lending rates. Pre-tax profits before securities gains and taxes improved by 16.8 per cent to total Y894.9bn.

The sharp rise in earnings was attributed to improved profit margins. Two or three-year term deposits, which carry high interest rates were maturing from last summer to the end of the year. As a result, the net interest income improved considerably. Four banks showed positive interest spreads, compared with negative spreads registered by all 13 banks in the previous year.

In addition, a smaller than expected amount of reserves was set aside for sovereign risks.

Reflecting sluggishness in international financial operations, the combined revenue from international operations by 13 banks rose modestly by 5.5 per cent to Y560bn. From the previous fiscal year, Japanese banks were allowed to set aside reserves of between 1 and 5 per cent of the loans actually made to financially risky countries. The total reserves newly earmarked for these countries increased by only Y46bn to the outstanding balance of Y216.4bn by the 13 banks, as of the end of March 1984.

Widened discrepancies in earnings between banks were attributed to the size of reserves set aside for high risk countries and the exposure to corporate tax.

Following the Ministry of Finance's laissez-faire policy on banks' dividend from fiscal 1982, Japanese banks for the first time in 50 years split into two groups. One group of seven banks increased dividends by Y1 to pay Y6 per annum, and the other six banks pegged their dividend at Y5 in 1982. This discrepancy between the two groups further widened in the past year as seven banks, namely Diichi Kangyo, Fuji Sumitomo, Mitsubishi, Sanwa, Tokai and Mitsui lifted dividends by Y0.5 to pay Y6.5 per annum at the end of March 1984. Five banks pegged their dividend at Y5. The Bank of Tokyo increased the dividend by Y1 to pay Y6.

Sumitomo Bank maintained its position as the most profitable financial institution in Japan for the third year. Sumitomo's earnings grew mainly through bigger spreads between loan and deposit rates. Fuji Bank closely followed Sumitomo Bank. The Daiichi Kangyo Bank outstripped the Mitsubishi bank in recurring profits.

Sanwa Bank in the past business year, wrote off Y30bn worth unrecoverable loans from Suehiro Real Estate which went under last December. The bank is clearing its bad debts when it is financially strong.

CITY BANK RESULTS

	Operating income Ybn	Change %	Net profits Ybn	Change %
Daiichi Kangyo	1,787	−3.1	56.4	+52.0
Fuji	1,685	−5.2	73.0	+29.0
Sumitomo	1,662	+2.6	78.4	+30.6
Mitsubishi	1,548	−4.7	60.1	+47.7
Sanwa	1,545	−1.7	55.9	+52.5
Tokai	1,033	−5.1	34.7	+58.9
Mitsui	1,131	−6.2	33.0	+33.0
Taiyo-Kobe	888	−2.0	20.6	+12.6
Daiwa	587	−0.4	15.7	+2.0
Kyowa	527	−3.5	13.2	+8.6
Saitama	520	+1.4	14.5	+20.0
Hokkaido-Takushoku	439	+5.2	9.6	+3.0
Bank of Tokyo	1,213	−19.7	27.1	+11.5
Total	14,565	−4.1	493.6	+33.4

Strong return to black for Qantas

By Michael Thompson-Noel in Sydney

QANTAS, the Australian state airline, made a record pre-tax profit from airline operations of A$58m (US$51.6m) in the year to March 31. This compares with a record pre-tax operating loss of A$47.6m in 1982-83.

After extraordinary items, such as minor assest sales, and tax expenses and credits, the total operating profit for 1983-84 was A$58.3m, against a loss the previous year of A$34.4m.

Revenues, were 7.4 per cent higher at A$1.39bn. Mr J. B. Leslie, chairman, said vigorous, cost cutting and some improvement in yields were the main factors contributing to the airline's improved performance.

Last September, Qantas announced plans for an A$860m fleet modernisation programme. It is selling its six oldest Boeing 747s and acquiring three stretched upper deck 747s plus six extended range Boeing 767s.

Though Qantas enjoys a controversial degree of price protection, Mr Leslie said the latest operating profit was "particularly satisfactory" given the depressed state of world aviation in the past year.

The airline is paying a 5 per cent dividend, amounting to A$6.9m, to the Australian Government — its first since 1977-78.

In the four-year period 1979-1983, the airline's combined operating losses before tax, were A$123m. However, it now breaks even on a seat load of 56 per cent, against 70 per cent three years ago.

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Call area code 713 528-7088 on weekdays from 8 am to 5 pm central time for further details

Company Notices

LAFARGE COPPEE

A French Limited Company with an Authorised Capital of FF 799,160,300
Head Office: 28, rue Emile Menier, Paris 16
RCS PARIS B 542 105 572
SIRET 542 105 572 00017

TO HOLDERS OF CONVERTIBLE BONDS 11.25%-11.50% 1981/1991

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN to holders of convertible bonds 11.25%-11.50% 1981/1991 of FF 5,000 nominal each that an ordinary meeting of the General Assembly has been convened for Wednesday, 20th June 1984 at 9.30 am at the offices of CREDIT COMMERCIAL DE FRANCE, 103 avenue des Champs-Elysées, Paris 8, France, for the following purposes:

—To approve the decision of the shareholders of the Company to waive their preferential subscription rights on occasions when authority is given to the Board of Directors to proceed in FRANCE, on the international market or foreign markets, with one or several convertible bond issues, such bonds being convertible at any moment, at the choice of the bondholders, into shares of FF 100 of the Company.

—To approve the decision of the shareholders of the Company to waive their preferential subscription rights on occasions when authority is given to the Board of Directors to proceed in FRANCE, on the international market or foreign markets, with one or several bond issues, such bonds carrying the right to subscribe to shares of FF 100 of the Company.

No action may validly be taken by the General Assembly unless at least one-quarter of the bonds outstanding are represented at the meeting. Any bondholder, regardless of the number of bonds which he holds, may attend and vote at the meeting or may appoint a proxy to attend and vote on his behalf.

However, only bondholders who have deposited their bonds five days at least before the meeting, at either the Head Office of the Company, 28 rue Emile Menier, Paris 16, or Credit Commercial de France, 103 avenue des Champs-Elysées, Paris 8, or one of the following banks in London:

—KLEINWORT BENSON LTD., 20 Fenchurch Street, London EC3P 3DB.

—J. HENRY SCHRODER WAGG AND COMPANY LTD., 120 Cheapside, London EC2V 6DS,

or certain other banks in Europe (as stipulated in the Notice appearing in the Agence Economique et Financière of the 1st June 1984) may attend the meeting or appoint a proxy to attend for them. They will be issued with the necessary admission card and/or proxy form.

The text of the resolutions as well as all the documents which will be submitted to this meeting will be held, as required by law, at the Head Office of the Company at the disposal of bondholders.

BOARD OF DIRECTORS

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

PAYMENT OF COUPON No. 90

With reference to the Company's interim report and dividend notice advertised in the press on 8th May, 1984, the following information is published for the guidance of holders of share warrants to bearer. The dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the Company in the United Kingdom will be made in United Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which ruled on 25th May, 1984. Payment will be made against coupon no. 90 on or after 2nd July, 1984 in U.K. currency at the London Bearer Reception Office, Charter Consolidated P.L.C., 40 Holborn Viaduct, London EC1P 1AJ or in French currency at Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris.

Coupons must be left for at least four days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10.00 a.m. and 3.00 p.m. Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deductions are made the net amount of the dividend is as follows:—

	South African Currency per Share cents	U.K. Currency Equivalent per Share pence
Amount of dividend declared	75.00	42.40388
Less: South African non-resident Shareholders' tax at 15%	11.25	6.36058
	63.75	36.04330
Less: U.K. Income tax at 15%		6.36058
		29.68272

Secretaries of the Company in the United Kingdom:
Charter Consolidated P.L.C.
40 Holborn Viaduct
London EC1P 1AJ
1st June 1984

NOTE: The Company has been asked by the Commissioners of Inland Revenue to state:

Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

GADEK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the half yearly debenture interest of 10% per annum will be paid on 30th June 1984 to debenture stockholders whose names appear on the register of debenture stockholders at the close of business at 4.30 p.m. on 22nd June 1984.

By Order of the Board,
MAK HING KWAI
LIM JIT CHEW
Secretaries

Ladang Pinji,
Lahat, Perak,
Malaysia.
1st June 1984.

BANK HANDLOWY W. WARSZAWIE S.A.

US$50 MILLION BOND LOAN 1978/88 FLOATING RATE

Additional information to the notice published 27/4/84 about drawing on 16/4/84: notice is hereby given to the bondholders of the above referred issue owning the bonds which on 26th March 1984 have been drawn for redemption. They must lodge these notes prior to June 12, 1984 together with all coupons appertaining thereto with the Fiscal Agent, Centre des Opérations sur Coupons, 14, rue Bergère, 75009 Paris, or with any of the following Paying Agents:

—Banque Nationale de Paris S.A., Luxembourg
—Banque Internationale à Luxembourg, Luxembourg
—French American Banking Corporation, New York
—Société Générale à Nantes

However, Bank Handlowy W. Warszawie has expressed its intention to redeem only the notes which, on 26th March 1984, are held and beneficially owned by natural persons.

The possession, on 26th March 1984, is to be certified by a Bank or a financial institution and such a certificate must be deposited together with the notes to be redeemed.

LAFARGE COPPEE
(CIMENTS LAFARGE)
7¼% 1972/1987 FF 100,000,000

NOTICE IS HEREBY GIVEN to Bondholders of the above-mentioned loan that the amount redeemable on July 1, 1984 is FF 10,000,000 was bought in the market.
Amount outstanding: FF 45,000,000.

The Trustee
FINIMTRUST S.A.

Luxembourg,
June 1, 1984.

The Supervisory Directors of THE TRUST MAATSCHAPPIJ CURACAO 1 B.V.
(Formerly N.V.)

at Amsterdam will convene a meeting of their holders of certificates in the Hilton Hotel, Apollolaan 138, Amsterdam, on June 20th, 1984 at 10.30 a.m. To be entitled to attend this meeting, holders of certificates are required to deposit their warrants of certificates by June 15th, 1984 with Bank Mees and Hope NV, Amsterdam.

The Supervisory Directors of THE TRUST MAATSCHAPPIJ CURACAO 2 B.V.
(Formerly N.V.)

at Amsterdam will convene a meeting of their holders of certificates in the Hilton Hotel, Apollolaan 138, Amsterdam, on June 20th, 1984 at 10.30 a.m. To be entitled to attend this meeting, holders of certificates are required to deposit their warrants of certificates by June 15th, 1984 with Bank Mees and Hope NV, Amsterdam.

HYDRO QUEBEC

US$50,000,000 9¾% DEBENTURES DUE 1ST JULY, 1993

Debentures covering US$1,200,000 have been purchased on the market to satisfy the Purchase Fund due 1st July 1984.

COMMERZBANK
AKTIENGESELLSCHAFT

RIGHTS OFFER

8 per cent. Bond Loan of 1984/1989
(with Warrants attached giving the right to subscribe for shares of Commerzbank Aktiengesellschaft)

By virtue of the authority granted at the Annual General Meeting of the Company held on 18th May, 1984, the Board of Management has decided to issue DM.300,000,000 nominal 8% Bond Loan 1984/1989 (with Warrants attached giving the right to subscribe for shares of Commerzbank Aktiengesellschaft) (the "New Bonds"). The New Bonds of DM.300,000,000 nominal are being offered at an issue premium of 20% by way of rights to the Company's shareholders on the basis of:

One DM.500 nominal New Bond for every
30 shares of DM.50 nominal held.

The New Bonds are being offered on the terms of the Company's announcement dated May, 1984 in which the rights attaching to the New Bonds are set out in full. Copies of the announcement with an English translation, are available on request at the office of the London Paying Agent, S.G. Warburg & Co. Ltd.

It is not intended to seek quotation for the New Bonds on The Stock Exchange, London.

PROCEDURE IN THE UNITED KINGDOM

Holders in the United Kingdom wishing to take up rights must lodge the following:-

Bearer Share Certificates—Coupon No. 42
London Deposit Certificates for marking—Square No. 5

and apply during the subscription period from 30th May, 1984 to 11th June, 1984 inclusive, at the offices of the London Paying Agent:-

S.G. Warburg & Co. Ltd.,
Bond Department,
33 King William Street,
London, EC4R 9AS

between 10.00a.m. and 3.30p.m. where lodgement forms are obtainable.

Payment must be made in full on application. Temporary Receipts will be issued.

Holders wishing to make payment in Sterling should agree the applicable rate of exchange with the London Paying Agent.

Subscribers will be advised at a later date when the New Bonds are available to be exchanged for Temporary Receipts.

S.G. Warburg & Co. Ltd.
London Paying Agent and Depositary

1st June, 1984

CREDIT LYONNAIS

U.S.$ 300,000,000 Floating Rate Notes due 1995 with Warrants to purchase U.S.$ 150,000,000 10½% Bonds due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from May 29, 1984 to November 29, 1984 the Notes will carry an Interest Rate of 12$\frac{11}{16}$% p.a.

The interest payable on the relevant interest payment date, November 29, 1984 against coupon n°3 will be U.S.$648.47 per Note.

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

BANQUE HANDLOWY W. WARSZAWIE S.A.

USD 30 million bonds loan 1978/88 floating rate

The rate of interest applicable for the six months period beginning on 31st May 1984 and set by the Reference Agent is 13⅛% annually.

LEUMI INTERNATIONAL INVESTMENTS N.V.

U.S. $60,000,000 GUARANTEED FLOATING RATE NOTES 1989 EXTENDIBLE AT THE HOLDER'S OPTION TO 1992 (END 1994)

The interest rate applicable to the above Notes in respect of the six month period commencing Wednesday, 30th May 1984, has been fixed at 13⅛% per annum.

The interest amounting to U.S. $669.79 per U.S. $1,000 principal amount of the Notes will be paid on Friday, 30th November 1984 against presentation of Coupon No. 4.

BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent

AUSTRIAN ELECTRICITY
U.S.$15,000,000 6⅝% Guaranteed Bonds 1986

S.G. WARBURG & CO. LTD., announce that Bonds for the nominal amount of US$900,000 have been drawn for the redemption instalment due 1st July, 1984.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

4251 4252	4257	4273 to 4275	4279 to 4281	4286 to 4292
4329 4330	4354 to 4356	4358 to 4376	4402 to 4418	4420 to 4422
4439	4447 to 4449	4462 to 4477	4479 4480	4500 to 4512
4522 to 4550	4561 to 4572	4584 to 4586	4604	4606 to 4611
4613 to 4625	4628 to 4630	4636	4646 to 4648	4662
4707	4717 to 4726	4757 4758	4760 to 4763	4774 to 4777
4786 4787	4806 4807	4812 to 4820	4831 to 4835	4857 to 4868
4901 to 4903	4961 to 4974	4991 to 4993	5043 to 5045	5047 to 5052
5163 to 5165	5178 to 5208	5210 5211	5214	5219 to 5221
5255 to 5261	5319 to 5321	5324	5329 to 5333	5346 5347
5364 5365	5367 to 5392	5399 to 5401	5416 to 5446	5448 to 5450
5453 to 5456	5460 to 5462	5466	5469 to 5473	5475 to 5480
5482 to 5484	5486 to 5496	5499	5501	5517 to 5530
5533 to 5540	5552 to 5563	5565	5567 to 5570	5577 to 5583
5585 to 5593	5597 to 5600	5602 5603	5609	5611 5612
5622 5623	5631	5633 to 5641	5650 to 5669	5676 to 5682
5687 5688	5690 to 5700	5702 to 5768	5770 5771	5773 5774
5777 to 5787	5789 to 5793	5799 5800	5802	5804 to 5807
5809	5811	5813 5814	5821 5822	5827 to 5839
5844 5845	5847	5850	5852	5855 to 5864
5869 to 5947	5958 to 5962	5965	5967 to 5982	5985
5996 to 5998	6000 6001	6003 6004	6013 to 6015	6020 to 6033
6035	6039	6041 to 6105	6116 6117	6120
6128	6172 to 6175	6185 to 6188	6191	6223
6259 to 6263	6266 to 6273	6275 6276	6293 to 6321	

On 1st July, 1984, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
33, King William Street, London EC4R 9AS,

or one of the other Paying Agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st July, 1984 and Bonds so presented for payment must have attached all coupons maturing after that date.

US$1,800,000 nominal amount of Bonds will remain outstanding after 1st July, 1984.

The following Bonds drawn for redemption have not as yet been presented for payment:—

1st July, 1983
812 848 849 1096 to 1100 1253 1264
12808 12887

1st July, 1982
13920 14933 to 14935 14946 14947

1st July, 1981
2500

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Bondholders are advised that all outstanding Bonds are redeemable at par on 1st July, 1984 and that interest will cease to accrue on that date.

Bonds are payable at:—

S.G. WARBURG & CO. LTD.,
33, King William Street, London EC4R 9AS

or one of the other Paying Agents named on the Bonds.

The following Bonds drawn for redemption on the date stated below have not yet been presented for payment:—

1st July, 1983
19802 19803 19839 to 19856 19885

33, King William Street, London EC4R 9AS — 31st May, 1984

Habitat Mothercare moves ahead to £31m

CONTINUING GROWTH has been shown by Habitat Mothercare with pre-tax profits amounting to £30.62m for the year to March 25 1984, compared with £19.33m for the previous 39-week period. Turnover of this retail stores group expanded from £243.97m to £375.41m, excluding sales tax.

A net final dividend of 4.5p has been recommended making a total of 6.5p for the year, which compares with 4p for the nine-month period previously. Basic earnings per 10p share were shown as 18.2p (11.3p) and diluted as 15.7p (10.1p).

Sir Terence Conran, chairman, says that the new year has opened "very much according to plan." He looks forward with confidence to the year ahead.

The result on a full year basis is a 33 per cent increase in pre-tax profits from £22.9m to £30.6m on turnover up from £309.7m to £375.4m. After tax, profits amounted to £19.2m, giving an increase in earnings per share of 35 per cent from 13.5p to 18.2p. As a related company, Richard Shops is not consolidated in these figures.

New ventures during the year under review included Richard Shops, opening the first five stores in the new teenage clothing chain "Now" and the start of a 50-50 partnership with Octopus Books. The mainstream Habitat Mothercare business also made further positive progress with 12 new store openings—five each for Habitat and Mothercare in the UK, and two for Conran's in the U.S.

Together with resites and extensions, this gave another 198,000 sq ft of selling space. Excluding Richard Shops, there are now 521 stores trading throughout the group with total selling space of 2.32m sq ft. Including Richard Shops, there are 732 stores and 2.84m sq ft of selling space.

The "renaissance" of Mothercare UK continues, says Sir Terence. Five new stores were opened during the year at Bognor Regis, Enfield, Grantham, Halifax and Inverness. Merchandise for the autumn/winter 1983 and spring/summer 1984 ranges continued to develop a "new image"; the restyled catalogue added further momentum last autumn; and the following the redesign of some 40 stores prior to Christmas a second batch is already well under way.

"Now," the teenage chain launched last autumn, is progressing well and six further stores have opened since the year end.

At Richard Shops work is progressing towards the reorientation of merchandise and marketing and the refurbishment of store layouts and presentation in line with the target customer profile. However, Sir Terence says it will be another year before the first tangible signs of this programme are visible on the High Street.

Unlike Mothercare, every aspect of the business has to be revised and the enhancement of retail systems and staff training are as essential as improvements to the product range and marketing.

In the UK, Sir Terence says that Habitat goes from "strength to strength." New stores were opened during the year at Bath, Canterbury, Chelmsford, Leeds and Tunbridge Wells. A mini-store experiment begun in Lincoln is progressing to a second stage of development with two stores due to open soon.

Heal's is settling down well, he says. Refurbishment of the building has entailed considerable disruption of normal trade, but the merchandise range has been pruned and refined and the organisation created for future profitable expansion. Overhead costs have been reduced and a financially viable operating base established.

Conran's in the U.S. made a trading profit this year of $1.1m (£790,000) after achieving its first profit of $0.3m last year. Annual turnover is now in excess of $32m (£23m); new stores at Willow Grove, on the outskirts of Philadelphia, and at White Plains, just north of New York, bring the year-end total to 10; additional warehousing capacity and extra management resources have been secured—all making for an optimistic future.

Retailing in Europe has been difficult, says Sir Terence. Faced with a 12 per cent volume decline in the French furniture market, trading profits of Habitat France have substantially decreased. Three recently launched Grand H superstores were able to consolidate their position and early April saw the opening of a fourth superstore in Belgium, on the outskirts of Brussels, which has been specifically designed for this new conception, more so than was possible with the three Maison de la Redoute acquisitions.

In the U.S., Mothercare has also made progress. Turnover has been continually strengthening throughout the year to show a 12-month improvement of 10 per cent. Trading losses have continued to diminish—down to $0.3m from the $1.8m reported for the year to March 1983.

Local management has been strengthened and the restyling and repositioning of the merchandise and development of prototype "new image" stores are promising. However, Sir Terence points out, there is still much to be done in implementing the new style of merchandise, display and distribution throughout this widely spread chain before embarking on further expansion.

Mothercare in Europe reported a loss last year of £112,000 compared with a profit in the previous year of £267,000. The main reason was that the economy in most countries of operations was unfavourable. Pricing policy had also become inflexible and uncompetitive in some areas which has been remedied.

Operating profits increased from £22.35m to £34.91m. Interest on convertible unsecured loan stock came to £3.7m (£2.66m) and provisions for the employee profit-linked share plan took £600,000 (£350,000).

Tax came to £11.39m against £7.33m. Extraordinary debits this time took £4.5m and there was a debit for translation adjustments of £858,000 against a previous credit of £2.97m. Dividends will absorb £6.88m (£4.23m) leaving retained balance down from £10.74m to £6.99m.

See Lex

Sir Terence Conran (right), chairman of Habitat-Mothercare, with Mr Ian Peacock, group financial director. They reported profits ahead to £31m for the year to March 25, 1984, and expressed confidence for the current 12 months

Freshbake £0.1m over forecast

IN ITS first end-of-year results since coming to the USM last September, Freshbake Foods, frozen foods manufacturer, has recorded a profit before tax of £1.56m, for the year to March 31 1984.

Comparative figures are for the six months to end-March 1983 which produced profits of £603,000.

The figures exceed by £114,000 the forecast made in the prospectus at the time of the placing, and confirm the progress seen at midway, when the result stood at £716,000.

The final dividend of 0.6p is also in line with expectations, and lifts the total to the anticipated 0.85p per 5p ordinary share.

Turnover of this Kent-based company was £31.2m (£11.46m for six months) from which the group's operating profit emerged at £1.68m (£650,000). The result was struck after interest charges of £126,000 (£55,000) but included interest receivable of £26,000 (£8,000).

An extraordinary item of £311,000 (nil) consisted of expenses arising from the USM placing amounting to £139,000, and a deferred tax provision resulting from the Finance Bill proposals of £172,000. The tax bill for the year was £212,000 (£107,000).

The £1.04m profit attributable to shareholders was £284,000 short of the forecast figure, and the company retained £897,000 (£496,000). Earnings per share, based on 31.6m shares being in issue for the whole 12 months, emerged at 6.26p (2.29p), a 0.16p improvement on the forecast.

Commenting on the results, the directors are confident of the company's continued growth in the expanded frozen food sector and for the future of the company, which, they say continues to increase its sales penetration in the expanding frozen food market.

The group's capital investment programme continued at a high level and amounted to £1.9m during the year. This should enable the company to take full advantage of the many sales opportunities available, state the directors.

Freshbake Foods has become the volume brand leader in the expanding frozen uncooked savory pastry market, with its growth in the first quarter of 1984 being far greater than that of its total market sector.

Primegrade continues to expand its operations and now operates a national distribution service of frozen products to plant and private bakeries and catering establishments.

As regards the future, the directors say that the company has a "very healthy" forward order position coupled with keenly priced purchase contracts and stock.

Centreway disappoints with £0.13m

PRE-TAX profits of Centreway Trust totalled £128,000 for the nine months ended December 31 1983. In the previous full year the group reported profits of £313,000.

The directors say the results for the nine months were disappointing and largely reflect lower-than-anticipated figures from Centreway Industries—for the period pre-tax profits of this company fell to £27,000 (£741,000 for year).

They point out that the prospects for the group are materially dependent on the 49.9 per cent investment in Centreway Industries.

It is anticipated, however, that the group will continue to make useful progress in developing its financial services businesses and that the George Whitehouse Engineering subsidiary will continue to make a useful contribution to group profitability.

For the nine-month period, shareholders will receive a dividend of 0.75p (1p for year)—loss per 50p share rose to 35.9p (22.5p). The resolution to split the ordinary shares into 10 units has been postponed.

Net asset value per share totalled 288.5p at December 31 1983, compared with 119.8p as at end-March 1983.

Tax for the nine months took £195,000 (£229,000 for period) and minorities £120,000 (£132,000). Extraordinary items added £7,000 (took £222,000).

In a statment with the nine-month figures, the directors of Centreway Industries (CWI) say that on the basis of present economic indications they anticipate that the benefits of the recent acquisitions will become apparent in the current year.

For the full year to December 31 they expect profits before tax to show a material improvement over the results of the nine months to last December.

The nine-month figures, which excluded any contribution from the usually "lucrative" quarter to end-March, reflect the view, say the directors, expressed in the previous year's statement when it was anticipated that the period would be one of continuing rationalisation of inefficient activities, and building up the growth potential of the group's portfolio of existing and new subsidiary and related companies.

In the light of the group's trading performance a final dividend of 1.2p is being recommended.

CWI has subscribed £100,000 cash for 100,000 ordinary shares in Servis Home Services (SHS), representing 50 per cent of the company's capital.

Prior to the subscription SHS was a wholly-owned subsidiary of Servis Domestic Appliances in which CWI has a 50 per cent interest.

The audited balance sheet of SHS as at March 31 1983 showed a deficit of net tangible assets of £1.2m. However, the effect of subsequent trading and capital transaction has "very substantially" reduced this deficit.

Lynton rises to £1.8m and payout up 16%

A TURNROUND from losses of £66,000 to profits of £467,000 in property trading was largely behind a £398,000 rise, or 28 per cent, to £1.81m in taxable profits at Lynton Holdings in the year to end March 1984.

Property trading results more than offset an overall £200,000 loss, against a £57,000 profit, from related companies. Investment profits from related companies slumped from £172,000 to £14,000 while trading losses increased by £99,000 to £214,000.

The taxable result also included higher income from investment properties of £2.77m (£2.61m) and interest receivable of £470,000 (£427,000). Interest payable amounted to £947,000 (£998,000) and administration expenses were £745,000 (£619,000).

Gross rental income from investment properties was £3.39m (£3.1m).

A higher final dividend of 3.3p has been recommended which lifts the total payout by 16 per cent to 5.5p (4.75p) with earnings per share shown as 10.57p (9.35p).

Tax took £631,000 (£377,000) and minorities accounted for £128,000 (£106,000). After dividend payments there will be a retained revenue profit of £504,000 (£457,000).

Bank balances and short term cash deposits at the year end amounted to £4.72m (£6.66m).

An independent professional valuation as at March 31 of the group's investment properties amounted to £31.96m. In addition, the group's share of a property in the U.S., owned by a joint venture was valued at £4.95m, resulting in a total surplus for the year on revaluation of £4.36m. Net assets per share were 407p (364p), an increase of 11.8 per cent.

Lynton's redevelopment at Slough of 70,000 sq ft of new warehouse and industrial units has been completed and five out of seven buildings have been let.

The company has purchased and funded, on an income sharing basis with Clerical Medical and General Life Assurance Society, a shop and office building of 12,000 sq ft, at 7/8 Conduit Street, London W1. Substantial renovation works, with the tenants remaining in occupation, are being carried out to bring the building up to modern standards. The total cost of the project is £2.25m.

Also during the year a freehold shopping centre, Crown Walk, High Street, Taunton, comprising 12 shops with a total area of 27,000 sq ft was purchased for just under £1.1m. Lynton's scheme to up-grade and revitalise the centre should increase the current income of £100,000 per annum considerably within the next few years.

Another addition to its investment portfolio Lynton has a freehold shopping parade at Stopsley, near Luton, comprising 12 units with a total area of 19,000 sq ft. And following works of improvement the company expects the current income of £29,000 per annum to more than triple within two years.

An office scheme at Epsom was completed during the year, let to Petrofina (UK) and sold to a fund at a satisfactory profit, the directors say.

Lyn Town, a related company, continues to suffer from the economic problems of the North West and results are currently disappointing.

The shopping centre of 42,800 sq ft at Middleton, South Leeds, being carried out by Marshall Lynton, was recently completed on programme and the majority of shops have been let.

Well located shop refurbishment schemes are presently being carried out at Blackpool, Kendal, Darlington and Diss, all of which Lynton anticipates will produce satisfactory trading profits for the group.

HIGHLIGHTS

Lex takes a look at the Reuters flotation and gives its view on the price which investors should subscribe following indications from Wall Street. It also examines the full-year results from Habitat/Mothercare, which yesterday announced pre-tax profits up from £22.9m to £30.6m, and particularly the prospects for the continued expansion of the Conran empire. Finally, Lex analyses the stock market, which had another bad day.

UK COMPANY NEWS

Borthwick dives to £888,000 deficit

UNEXPECTED RAINFALL in Australia, disruption in New Zealand operations and difficulties in UK retail trading adversely affected results at Thomas Borthwick & Sons for the first six months to April 1 1984. A downturn from pre-tax profits of £3.09m to losses of £888,000 was shown by this international meat trader, while turnover slipped from £273.27m to £256.7m.

The directors say it is unlikely that the outcome of the second half can restore full year profits to last year's level. In the previous second half pre-tax profits came to £711,000.

They say that borrowing continues to be kept under tight control and within budgeted levels.

At the last AGM the directors warned that the year would start slowly but were still hopeful that profits would not be too dissimilar to those achieved in the previous full year.

There is again no interim dividend—last year a single 0.01p payment was made. Half-year losses per 10p share were shown as 1.93p (earnings 3.81p).

The directors refer to problems caused by rainfall in Australia, resulting in a holding back of stocks by farmers and a consequent considerable reduction in throughput in the works there.

Wet weather in New Zealand caused the season to run very late, say the directors, with a resultant delay to the start of profitable operations. Also, demands of EEC inspection teams caused considerable disruption to activities, unforeseen expenditure and strong union resistance.

In the UK trading and manufacturing performed satisfactorily, but trading difficulties at Matthews Butchers led to the decision to close nearly 40 loss-making shops.

Tax amounted to £368,000 (£543,000). At the attributable level there was a deficit of £996,000 against a previous profit of £1.97m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arbuthnot Govt 3rd int	2.75‖	July 13	2.75	—	11
Thos Borthwick ......int	nil	—	nil	—	0.01
Centreway Inds	1.2	—	—	1.8¶	2
Centreway Trust	0.75	—	1	0.75¶	1
Edbro Holdings	4	Aug 6	3	6	5
Energy Services	0.68	—	0.6	1.13	1
Freshbake	0.6‡	Aug 24	—	0.85	—
Habitat Mothercare	4.5	—	—	6.5	4¶
Lynton Holdings	3.3	July 14	2.93	5.5	4.75
M & G Group ....int	10	July 2	8	—	20

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For nine months. ‖ Gross throughout.

● comment

Alas, poor Borthwick. The reasons for the latest loss—£1.15m on a true comparable basis—may be chiefly outside the group's control, but all this bears hard on the stockmarket's confidence. Indeed, though the sequence of drought followed by record rainfall must obviously make for a poor comparison between the last two sets of interims, this kind of swing is in the nature of agribusiness, and ought not to excuse losses on this scale. Yesterday's 3p fall in the share price, to 17p, affords the odd spectacle of a group with sales of over £0.5bn and a market worth of under £9m. And, as it happens, the market's implied view on Borthwick's management was rather borne out by another set of figures yesterday—those of USM-quoted Freshbake. This was the company, it will be recalled, which Borthwick disposed of in 1981 on grounds of unacceptable losses (£0.7m, for instance, in 1979). In the year to March 1984, Freshbake—under the same management as in its Borthwick days—made £1.6m pre-tax on sales of £31m.

M & G up 26% to £3.1m at midway

BUOYANT SALES and markets in the UK together with a good performance by high yielding recovery stocks enabled M & G Group, unit trust managers, to push taxable profits up by 26 per cent from £2.48m to £3.14m in the six months to end of March 1984.

The interim results, as in previous years, take no account of the group's life assurance business which experienced a "marked expansion" in the first half.

The directors are looking forward to continued expansion in this area despite the abolition of life assurance premium relief, and appropriate investment is being made to maintain and improve the group's services and product range.

The interim dividend has been lifted 25 per cent to 10p and the company hopes at least to maintain last year's final payment of 12p.

Trading profits for the period were £2.71m, against £2.16m, and the taxable result included dividends and interest of £428,000 (£319,000).

Net asset value per share by the end of the period had moved ahead to 259.7p compared with 218.7p at the end of last September and 181.34p a year ago.

HICA, a high interest cheque account, was launched in January and the interim results include a £147,000 charge in respect of development and set-up costs.

● comment

With stock markets around the world booming, units trusts groups have seen the value of funds under management, on which they charge a percentage fee, rise dramatically and at the same time have sold new units hand over fist. M & G's unit trusts grew from £1.24bn to £1.48bn in the six months to March. And at the same time its annual charges have been put up from ½ per cent to ¾ per cent, though that is still below the competition. Marketing funds is not, perhaps, M & G's strongest point and no new ones were launched in the period, but even so there was good growth in "front-end" charges from unit sales. M & G relies more than its rivals on the annual charge, which makes its earnings more stable, and there should be further to come from higher charges in the second half. The life business—whose profits are only included at the year-end—seems to have survived the abolition of Life Assurance Premium Relief, and should be seeing more of the profits from business done earlier. So the year's profits could reach £7½m (£6m), giving a p/e of 13.3 on the shares at 625p, down 5p yesterday.

Energy Services fully recovers to £1.68m

FULL RECOVERY was achieved by Energy Services and Electronics through the second six months and the group finished the 1983 year with pre-tax profits of £1.68m, an improvement of £1.01m over the depressed £668,000 reported the previous year.

The results were struck after deducting a Neve Audio loss of £672,000 and a Neve Radio Telephones deficit of £276,000. There were no Neve Audio exceptional losses for the year—these accounted for £303,000 in 1982.

Earnings for 1983 emerged at 2.38p (0.86p) per 10p share and a final dividend of 0.675p (0.6p) lifts the total from 1p to 1.125p net.

Turnover, at £20.13m, was 30 per cent higher than in 1982 and the results for the first three months of the current year show an increase in rental demand throughout Europe. Turnover of the rental companies for the period was 40 per cent up compared with the first quarter of 1982.

The electronic equipment sales companies had a mixed start to the year but are expected to end 1984 with higher profits than 1983.

Losses in the two Neve businesses and Lion Oil Tool are so far slightly lower than a year ago and overall, group profits for 1984 should exceed those of the past year.

Group activities consist of rental and sale of electronic equipment with a small interest in providing engineering services to the oil industry.

Pre-tax profits were after taking account of net interest charges of £724,000 (£694,000) and depreciation of £1.82m (£1.42m).

Tax for 1983 accounted for £732,000 (£320,000). The charge comprised £434,000 overseas tax payable in France, Germany and Holland, £293,000 in respect of UK profits and £5,000 ACT, being £181,000 payable on dividends declared out of 1983 profits, less £176,000 recoverable from previous years.

Available profits amounted to £897,000 (£76,000) from which dividend payments will absorb £424,000 (£376,000).

In their interim statement (pre-tax profits then were £600,000 higher at £812,000) the directors said the improvement in profits confirmed the recovery forecast in the chairman's last review. Profits for the full year were expected to show further progress.

Profits rise to £2.5m at Edbro

Profits rose by £900,000 to £2.5m before tax at Edbro (Holdings), engineers, in the year to end-March 1984 and the dividend is being lifted by 20 per cent to 6p by a final payment of 4p.

The profit was achieved on sales of £21.3m, against £18.4m, and was struck after lower interest payable of £100,000 (£200,000).

Earnings per share came out at 26p (17p) after tax of £400,000.

The current first half-year is expected to produce profits similar to last year's £1.1m, but trading conditions remain too uncertain for the directors to predict the full year's outcome.

LCA seeks funds for its London poster purchase

London & Continental Advertising Holdings today announces details of the share offer it is making to finance its acquisition of London & Provincial Poster Group, a company more than four times its size.

LCA is raising £14.65m net of expenses via an offer for sale of 13.35m new shares at 120p each. The rest of the £19m purchase price will be financed by bank loans.

The deal will make LCA one of the largest poster advertising contractors in the UK along with Mills and Allen, which also has financial and insurance broking interests.

LCA owns 20 per cent of the UK's 170,000 poster sites, and the acquisition will add a further 30,000 sites to its portfolio. L & P is currently owned by Reed International, the paper, printing and publishing group, which had intended to sell its poster subsidiary to Central Advertising Company of the U.S. until negotiations broke down last March.

The combined group would have made £1.6m before tax last year on turnover of £22m. Applications for the new shares open next Wednesday, and dealings are expected to begin on the full market—LCA is moving up from the USM—the following Wednesday.

Losses cut at Manor National

Losses were reduced at Manor National, the vehicle sales and leasing group, with results for the year ended 1983 showing a pre-tax deficit down from £198,000 to £53,000. An improvement had been predicted at mid-way, but the company was unable to maintain the interim surplus of £37,000 in the second half.

As has been the case in each year since 1980, there will be no ordinary dividend.

Group turnover increased from £56.4m to £59.67m, and tax doubled to £62,000. Before an extraordinary debit of £264,000 (£174,000) losses per share were down from 1.7p to 1.5p.

MINING NEWS

Northgate group completes purchase of Mogul mine

BY GEORGE MILLING-STANLEY

CANADA'S Westfield Minerals, part of the Northgate Exploration Group, has completed the acquisition of Mogul of Ireland for C$600,000 (£333,000).

Westfield plans to transfer the assets of Mogul, which include mining leases over a former lead, zinc and silver mine in Tipperary, Ireland, and exploration leases nearby to a new company, Ennex International.

Ennex is an Irish public company set up to acquire Westfield's oil and gas interests in Ireland, the U.S. and Australia, and the Irish mineral exploration properties owned by Westfield's parent, Northgate.

The Northgate group plans to raise between C$10m and C$15m by floating Ennex on the London and Dublin stock exchanges later this month. The money raised will be used to finance a two-year exploration programme on Ennex's new properties, which also include gold prospects in Northern Ireland and Western Scotland.

Northgate and Westfield plan to retain a combined stake of between 50 per cent and 65 per cent of Ennex after the fund-raising.

The Mogul mine was in production from 1968 until 1982, mining some 12.5m tonnes of ore at a grade of around 9.6 per cent zinc. The exploration properties held in the area cover approximately 16 sq miles.

Westfield estimates that some 1.7m tonnes of ore averaging 7.5 per cent zinc remain in the mine. These reserves occur at shallow depths, and have been partly developed by underground workings.

There is a possible further 3.2m tonnes grading around 7 per cent zinc spread around the remainder of the property in a series of deposits which have never been fully explored, and Westfield believes that there is considerable potential for additional discoveries.

Westfield's Mr Peter McAleer said that on the basis of the Northgate group's exploration record, he is "quietly confident" of the success of the Ennex venture.

In a separate development, Northgate has announced a new three-year labour agreement for the miners at its two gold-copper mines at Chibougamau, Quebec.

Mr Pascal Dessureault, general manager of the Copper Rand and Portage Island mines, said yesterday that the new contract does not include any increase in basic hourly rates, but provides for partial protection of employees against increases in the cost of living.

The mines, which Northgate purchased from the Patino group of companies in 1981, recently switched the emphasis of their efforts from copper to gold in the face of the poor price for the former metal, but must be only marginally profitable at present metal prices.

Earlier this year, the group was clearly worried at the prospect of the wage negotiations, but determined to give no ground before what it regarded as "excessive" demands on wages and conditions from its workforce.

The change of emphasis towards gold has paid off, with output over the first four months of 1984 reaching 37,335 ounces, compared with 22,349 oz in the comparable period of last year.

The production target for the full year is 65,000 oz, and the group is running well ahead of that at this stage.

MIM buys Teck stake

AUSTRALIA'S MIM Holdings has acquired a 1.75 per cent holding in Canadian mining and natural resources group Teck Corporation from the West German metals group Metallgesellschaft at a cost of approximately C$5m (£2.79m).

MIM has also taken out an option to acquire a further 1.75 per cent — 500,000 shares.

Mr Bruce Watson, MIM chairman, said the investment in Teck is consistent with MIM's strategy of broadening its interests internationally into high quality resources.

A MIM representative wil be invited to join the Teck board of directors following the deal.

Assuming MIM exercises its option, Metallgeselischaft will have its stake in Teck reduced to around 20 per cent.

Teck's principal assets are three copper mines, the big Bullmoose coal mine in British Columbia, a zinc mine in Newfoundland and 55 per cent of a gold mining joint venture at Hemlo, Ontario.

Meanwhile, MIM has opposed a plan to extend the Kakadu national park in Australia's Northern Territory over a further 6,000 sq kms of land which has not yet been fully explored for minerals.

Mr E. M. Bennett, general manager of MIM's exploration subsidiary Carpentaria Exploration, has told the Australian National Parks and Wildlife Service that the chances of the new area containing undiscovered orebodies are high.

The area is part of the same geological formation which contains the significant uranium and gold deposits at Ranger, Nabarlek, Koongarra and Jabiluka, the Pine Creek gold prospects and a number of tin deposits.

Mr Bennett protested that the prohibition of exploration over such a promising area "is incompatible with the community and the national interest."

Marinduque still in deficit

FOR THE FIRST three months of this year Marinduque Mining and Industrial has posted a net loss of US$60.7m (£44m), or 51 cents a share.

This follows the deficit for the whole of 1983 of Pesos 307.5m (£16m). The latest are not comparable with the first quarter of last year because poor metal prices and a mounting debt burden forced Marinduque to close its copper operations for the whole of the period, while the nickel operations were initially substantially curtailed and then closed during the three months.

The company said it plans to reopen its nickel facility this month and the copper operation shortly afterwards.

The loss for the first quarter was attributable primarily to interest costs of around US$45m and US$14.2m of closure costs.

Bronx in boardroom shake-up

Bronx Engineering, Stourbridge-based press, bar and tube and plate and pipe finishing group, announced that subsequent to a board meeting yesterday, Mr Terry O'Connor, a director and chairman and chief executive of the two main operating subsidiaries, was "no longer employed by the company." Bronx also revealed that Mr A. R. G. McGibbon, a non-executive director, had resigned.

The group added that "the board has been reconstituted and revitalised" by a series of appointments which see Mr Malcolm Roberts, an operating subsidiary director, moving onto the main board and becoming chairman and chief executive of the principal manufacturing companies, Bronx Engineering and Bronx Process Engineering.

Three other directors of operating subsidiaries, Mr R. J. Underhill, Mr R. Allen and Mr A. N. Brown, have all been appointed to the top board. The Rev Dr Roger Crosthwaite replaces Mr McGibbon as a non-executive director while Mr Donald Crosthwaite, his brother, and already a main board director, becomes deputy chairman.

Bronx has recently had to absorb heavy redundancy payments which cost £246,000 in the year to November 30, leaving pre-tax profits down at £207,000 against £540,000.

The Iron Trades Employers Insurance Association has a 6.4 per cent holding in Bronx and Casson has reduced its holding over the past year from 16.3 to 8.8 per cent.

The board room reconstitution stemmed from a "difference of opinion over the policies we should be adopting in these difficult times," Mr Roberts said yesterday.

Tuskar Resources to join USM

Tuskar Resources, an Irish offshore oil exploration company, has applied for permission to join the Unlisted Securities Market.

Allied Irish Investment Bank is arranging a placing of 7.5m shares, representing 26 per cent of the equity, which is expected to raise I£2.03m net of expenses. At the placing price of 43p per share, the company is valued at I£12.55m.

Tuskar was established to participate in Irish offshore exploration at the time of the second licensing round, applications for which closed in January 1982.

The group has a 20 per cent interest, with an option to increase to 30 per cent, in three blocks — 57/4, 57/8 and 57/9 — in the Celtic Sea off the south coast of Ireland.

The remaining 80 per cent of the blocks, which are in licence no. 1/83, is owned jointly by Conoco and Santa Fe. Conoco is the operator and a well will be drilled on one of the blocks this summer.

Tuskar has the right to limit its contribution to the costs of the first well to $500,000 and to elect not to pay for its share of the rest of the costs of the well, in which case its interest would be proportionately reduced.

The area lies about 44 miles off the Irish south coast in 300 to 350 feet of water and about 28 miles south-west of the Kinsale Head gas field.

The directors estimate that Tuskar will spend £1.8m on exploration and related activities between now and the end of next March.

Brokers to the company are J. & E. Davy and Goodbody and Wilkinson. Applications must be received by June 8.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hill Samuel §	9½%
Allied Irish Bank	9½%	C. Hoare & Co. †	9 %
Amro Bank	9 %	Hongkong & Shanghai	9 %
Henry Ansbacher	9½%	Kingsnorth Trust Ltd	10 %
Associates Cap. Corp.	9 %	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9½%	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9½%	Edward Manson & Co.	10½%
Bank of Ireland	9½%	Meghraj and Sons Ltd.	9½%
Bank of Cyprus	9½%	Midland Bank	9½%
Bank of India	9½%	■ Morgan Grenfell	9 %
Bank of Scotland	9½%	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9½%	National Girobank	9 %
Barclays Bank	9½%	National Westminster	9 %
Beneficial Trust Ltd.	10 %	Norwich Gen. Tst.	9½%
Bremar Holdings Ltd.	9 %	People's Tst. & Sv. Ltd.	10 %
Brit. Bank of Mid. East	9 %	R. Raphael & Sons	9 %
■ Brown Shipley	9½%	P. S. Refson & Co.	9½%
CL Bank Nederland	9 %	Roxburghe Guarantee	9½%
Canada Permn't Trust	9 %	Royal Trust Co. Canada	9½%
Castle Court Trust Ltd.	9½%	■ J Henry Schroder Wagg	9 %
Cayzer Ltd.	9½%	Standard Chartered ‖	9½%
Cedar Holdings	9 %	Trade Dev. Bank	9½%
■ Charterhouse Japhet	9½%	TCB	9 %
Choulartons	10½%	Trustee Savings Bank	9 %
Citibank NA	9½%	United Bank of Kuwait	9 %
Citibank Savings ¶	9½%	United Mizrahi Bank	9 %
Clydesdale Bank	9½%	Volkskas Limited	9½%
C. E. Coates	10½%	Westpac Banking Corp	9 %
Comm. Bk. N. East	9½%	Whiteaway Laidlaw	9½%
Consolidated Credits	9½%	Williams & Glyn's	9½%
Co-operative Bank *	9 %	Wintrust Secs. Ltd.	9½%
The Cyprus Popular Bk	9½%	Yorkshire Bank	9 %
Dunbar & Co. Ltd.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	9½%		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10 %		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9½%		
Heritable & Gen Trust	9½%		

■ Member of the Accepting Houses Committee.
* 7-day deposits 5.75%. 1-month 6.50%. Fixed rate 12 months £2,500 8.5% £10,000 12 months 9%.
† 7-day deposits on sums of under £10,000 6%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
§ 21-day deposits over £1,000 7%.
‖ Demand deposits 5½%.
¶ Mortgage base rate.

BIDS AND DEALS

Saxon Oil asks for £10.7m via rights

By Alison Hogan

Saxon Oil, the British exploration and production company whose shares are quoted on the Unlisted Securities Market, is planning to raise £10.7m through an underwritten one-for-four rights issue of 4.46m shares at 250p per share.

Mr Brian Carlisle, the chairman, says the enlarged capital base will increase the company's liquidity and ability to take advantage of suitable opportunities that arise.

The funds should be adequate for a year or two until the company needs to finance its part in the development of the Miller Field, Block 16/8b, currently at the pre-development stage.

The board prefers to fund existing exploration activities out of equity and cash flow and says that borrowings are only appropriate for buying or developing production where income is enough to cover interest and capital repayments with a reasonable margin.

Saxon Oil has agreed in principle to purchase Bomin North Sea, an exploration company with interests in North Sea acreage. It is expected to pay no more than £50,000 and will then expect to pay at least a further £3m towards the costs of the drilling programmes of those interests.

It is participating in groups bidding for the UK ninth licensing round, covering all areas being offered. Saxon also has a 10 per cent interest in a group which has applied for two blocks in the Netherlands fifth round of licensing close to the median line with Britain.

Singer & Friedlander are underwriters to the issue. Dealings in nil paid form are expected to commence on June 19 and the last day for acceptances is July 9.

● comment

Saxon Oil shows no signs of slowing down the pace of expansion since coming to the USM in 1981 having been set up to apply for interests in the North Sea 7th round of licenses. It now has its eye on the 9th round as well as the Netherlands 5th round. Its interests, including 219/20 on the UK Continental Shelf and in the Miller Field, have appeared attractive enough to send the shares on a rapidly moving upward trend to over 400p at one point in April. The idea of a rights issue, no doubt looked very attractive to the company at that point. The shares have come back since and slipped a further 20p to 306p on news of the cash raising exercise yesterday. That means less for the company, but all the better prospects for investors who should certainly take up their rights.

Bunzl

At the annual meeting of Bunzl, Mr Ernest Beaumont, the chairman, told shareholders that profits continued to be substantially ahead.

Priest director plans to take control

MR SIMON FUSSELL, a director of Priest, Marians Holdings, has purchased 44.94 per cent of the company and will make an offer to other shareholders, although it is intended that the stock market quotation of the company will be maintained.

Priest, Marians, once a giftware importer, is now a property investor owning a 25,000 sq ft building in Tonbridge, Kent, the site of its former activities.

Mr Michael Rosenbaum, chairman, said it was hoped to develop the site for commercial or residential use. This depended on winning approval to change a planning agreement originally granted in 1944 for development for light industrial purposes.

Mr Fussell, who has experience of redeveloping old buildings for modern use, has acquired from Mr Rosenbaum and his family 7,250 Priest ordinary shares at 400p per share, 18,000 ordinary at 450p each and 25,845 preference shares at 60p each.

Mr Fussell and people acting with him hold 44.94 per cent of the voting share capital, while the holding of Mr Rosenbaum and his family has been reduced to about 6,000 ordinary shares.

The offer to other shareholders will be at 450p for each ordinary and 60p for each preference share. Hoare Govett has agreed to place sufficient Priest shares for which acceptances are received to satisfy the City code requirements for sufficient financial resources to be available to Mr Fussell to satisfy full acceptance of the offer.

Priest ordinary shares fell 25p yesterday to 550p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Dobson Park Industries, Grainger Trust.

Finals:—Cardiff Property, Howard and Wyndham, Immediate Business Systems, Lanca.

FUTURE DATES

Interims:—	
Durban Roodepoort Deep	June 11
East Rand Proprietary Mines	June 11
Grootvlei Proprietary Mines	June 7
Kitchen (Robert) Taylor	June 12
Marievale Consolidated Mines	June 7
St. Helena Gold Mines	June 7
Stilfontein Gold Mining	June 7
West Rand Consltd. Mines	June 7
Finals:—	
Allied Colloids	June 21
Blyvooruitzicht Gold Mining	June 11
Buffelsfontein Gold Mining	June 7
Great Portland Estates	June 12
Pegler-Hattersley	June 6
Trans-Natal Coal	June 7

Yule has 11.3% of Macpherson

Yule Catto, one of the competing bidders for Donald Macpherson Group, yesterday said it had received acceptances from holders of 11.34 per cent for its equity offer but Macpherson again stressed its preference for the cash and loan note alternative terms from Tikkurila, the Finnish group.

The share offer from Yule Catto runs until June 5 and can be extended thereafter, although its cash alternative has lapsed. However, Macpherson pointed out yesterday that the Finnish offer "is firm in cash at 125p per share. Whereas the Yule Catto offer is now solely in shares and is therefore subject to market fluctuations at a time of considerable uncertainty for the equity and fixed interest markets."

And the "Cover Plus" paint manufacturer believes Tikkurila will bring greater commercial advantages. For Macpherson "to strengthen its competitive position especially in the DIY and trade decorative markets, the need for substantial new capital investment to enhance productive capacity and flexibility, increase productivity and reduce costs is paramount.

"To have available to us," Macpherson continued, "the research and development capability of a highly sophisticated paint company such as Tikkurila would be a great asset — the more so in that Kemira, Tikkurila's parent company, is a major chemical company and an important supplier of raw materials to Macpherson.

"Yule Catto cannot match Tikkurila's paint industry experience and the benefits it will bring," Macpherson concluded.

BIDS AND DEALS IN BRIEF

Hambro Life, Britain's largest unitlinked life company, and Charterhouse J. Rothschild, merchant banking and investment group, will today make an announcement concerning the future of the two groups.

It is expected that this will state that the planned full merger between the two groups, announced seven weeks ago, will not take place. Instead it is expected that the two groups will announce other methods of combining and co-ordinating their operations, including joint activities and stronger shareholding links.

Mr Jacob Rothschild, chairman of CJR has carried out a policy of rapid expansion over the past three years. The latest being a merger last December with the merchant bank Charterhouse Japhet. Recently he acquired from Hambros, the merchant bank, its 24.8 per cent stake in Hambro Life as a prelude to a full merger.

Indications that the merger would not go through came last weekend, the main obstacle being that the combined group would be undervalued by the City with earnings being difficult to assess because of the complexity of the merged group.

* * *

Mr Robert Maxwell's British Printing and Communication Corporation has increased its stake in SelecTV, a cable television operator, to 12 per cent, bringing the combined holding of companies controlled by Mr Maxwell to 18.01 per cent.

Mr Maxwell became chairman of SelecTV last year. Pergamon Press, his private company, owns 825,000 shares or 6.01 per cent. BPCC's most recent purchase was of 670,000 shares, or 5.1 per cent, at 19½p.

SelecTV shares rose 2p to 20p yesterday.

* * *

The directors of Scottish Ice Rink say that the company's ordinary share has risen from 235p to 380p over the past five weeks. They have no knowledge as to why this exceptional rise in share price should have taken place, especially against the publishing of the accounts to September 30 1983.

* * *

Morgan Grenfell, in concert with Arthur Guinness and Sons has purchased 25,000 ordinary shares in Martin the Newsagent at 343p each.

Arthur Guinness and Morgan Grenfell together own or have received irrevocable undertaking in respect of 4,139,162 ordinary (31.3 per cent).

* * *

IEP Securities, a Sydney-based company controlled by New Zealand businessman, Mr Ron Brierley, has raised its stake in Tozer Kemsley and Milbourn to 14.9 per cent from the 13.69 per cent holding disclosed at the beginning of May.

* * *

Caparo Industries has reached agreement to purchase 84.7 per cent of Wrexham Wire for about £1.2m cash. The deal is conditional upon the approval of a capital reorganisation scheme by the shareholders of Wrexham Wire.

Wrexham is a manufacturer of specialist steel wires for a range of industries including fasteners, bedding and ropes. For the year 1983 profits before tax were £285,000 on turnover of £4.7m, and net assets at that date were approximately £800,000.

* * *

Brokers to Pifco have effected on behalf of the company a purchase of 1,000 of its ordinary shares, at 160p per share.

* * *

P. Hassall, a wholly owned subsidiary of Raine Industries, has acquired Basterfield Kinver.

Demerger details given by Bowater

Bowater Corporation, the paper and pulp group, yesterday provided details of the planned demerger of the UK parent and its U.S. subsidiary, which is due to be completed by July 23.

Shareholders in the existing Bowater Corporation will receive 50 shares in the UK group, to be renamed Bowater Industries, and 12.1388 shares in the U.S. company, Bowater Inc, for every 100 current Bowater shares.

The plan is subject to shareholder and High Court approval.

Holders of preference shares in Bowater Corporation will get an increase in the net dividend rate from 3.85 per cent to 4.35 per cent annually with effect from April 1 1984.

The demerger will separate the forest products business in the U.S. from the remainder of the group's activities. Shares in Bowater Inc have already been offered in the U.S., reducing Bowater Corporation's stake in it to 75 per cent and raising US$132m (£94m).

An EGM is planned for June 22 to approve the demerger proposals.

Aberfoyle purchases 35% of Farmplan

By Ray Maughan

Aberfoyle Holdings, the former plantations group which was relisted last February on the injection of Guthrie Corporation's operations in Zimbabwe, is making the promised move into agricultural software by taking a 35 per cent stake in Farmplan International (FPI).

The consideration is £425,000 of which £152,000 is payable in cash and the remainder is to be satisfied by the issue of 733,040 8p ordinary Aberfoyle shares which are valued at £273,000.

Mr Ian Coates, the former chief executive of Guthrie who transacted the Zimbabwean deal for Aberfoyle, now heads FPI and anticipates a period of "explosive growth" for agricultural software in international markets.

For Aberfoyle, "this is the first new high-tech development and the potential is exceptional," he added.

Based in Northallerton, North Yorkshire, FPI has developed a range of agricultural software which includes cashbook, a complete double entry financial system with budgeting and forecasting capability, together with programmes designed to monitor beef, dairy, pig and crop enterprises.

It has formed links with ICI, Scottish Agricultural Industries and the Milk Marketing Board in the UK, and is now selling in 15 countries, particularly in Minnesota where FPI's 75 per cent-owned Plan-A-Farm subsidiary is planning a programme of rapid expansion.

* * *

Lendu Holding has acquired, as a long-term investment, 500,000 shares in Colly Farms Cotton, an Australian company, at a subscription price of A$1 each.

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	131	− 1	6.4	4.9	7.7	10.0
158	117	Ass. Brit. Ind. CULS	143	− 1	10.0	7.0	—	—
78	60	Airsprung Group	60	− 1	6.1	10.1	17.1	17.1
38	21	Armitage & Rhodes	34	—	—	—	—	—
330	141½	Bardon Hill	320	− 2	7.2	2.3	13.0	26.8
68	52	Bray Technologies	52	− 1	3.5	6.7	6.0	8.7
201	194	CCL Ordinary	194xd	− 6	12.0	6.2	—	—
152	121	CCL 11pc Conv Pref	148	− 2	15.7	10.6	—	—
640	100	Carborundum Abrasives	525	− 5	5.7	1.1	—	—
249	100	Cindico Group	103	—	17.6	17.0	—	—
68	45	Deborah Services	66	− 1	6.0	9.1	35.3	57.4
223	75	Frank Horsell	222	—	—	—	9.3	15.3
203	75½	Frank Horsell Pr Ord 87	202	—	8.7	4.3	8.5	14.0
68	28	Frederick Parker	29	—	4.3	14.8	—	—
39	32	George Blair	35	− 1	—	—	—	—
80	46	Ind Precision Castings	49	− 1	7.3	14.9	13.6	16.9
2195	2150	Isis Ord	2180	− 5	150 0	6.9	—	—
365	134	Isis Conv Pref	365	—	17 1	4.7	—	—
124	61	Jackson Group	118	− 1	4.5	3.8	6.1	12.1
256	169	James Burrough	248	− 2	11.4	4.6	13.7	14.1
425	276	Minihouse Holding NV	424	—	4.2	1.0	30.5	33.4
176	97	Robert Jenkins	97	—	20.0	20 6	11.2	7.8
74	54	Scrutons "A"	54	− 1	5.7	10.5	9.0	6.5
120	61	Torday & Carlisle	74	—	—	—	8.0	16.4
444	385	Trevian Holdings	433	− 2	—	—	8.8	8.1
26	17	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
92	65	Walter Alexander	84	− 1	6.8	8.1	7.4	9.8
276	236	W. S. Yeates	244	− 1	17.1	7.0	5.9	11.7

DUNLOP

ANNUAL GENERAL MEETING POLL RESULTS

The results of the polls taken at the Annual General Meeting of Dunlop Holdings plc on Tuesday, 29th May, were as follows:–

Resolution 1
To adopt the annual statement of accounts for the year ended 31st December, 1983 and the Directors' and Auditors' reports thereon.

Votes for:	38,415,174
Votes against:	104,535

Resolution 2
To re-elect Mr C A Eng:

Votes for:	38,301,794
Votes against:	226,036

Resolution 3
To re-elect Mr W K Gardener:

Votes for:	38,384,740
Votes against:	123,727

Resolution 4
To re-elect Mr Ghafar Baba:

Votes for:	38,289,983
Votes against:	237,571

Resolution 5
To re-elect Mr K J Johnson:

Votes for:	38,387,459
Votes against:	222,350

Resolution 6
To re-elect Sir Arthur Knight:

Votes for:	38,322,106
Votes against:	186,517

Brian Rudd, Secretary, Dunlop Holdings plc
31st May, 1984

Dunlop House, Ryder Street, St James's, London SW1Y 6PX

UK COMPANY NEWS

Ray Maughan analyses the £233m bid for Booker McConnell

Invasion signal 10 days prior to Dee day

Booker McConnell usually receives at least some notice when a storm is about to break over its corporate defences. Its shares had been on the move, quite against the market trend, for 10 days before Dee opened its £232.5m equity offer and in 1976 it knew months before vesting day that its Guyanese sugar cane interests were to be nationalised.

The group managed to sound tolerably cheerful about the terms of the ensuing compensation, which amounted to £10m payable in instalments over 20 years, but the Guyanese interests had accounted for £19.6m of total group assets of £45m at the time and, more importantly, nationalisation dramatically altered the group's earnings profile.

In 1969, half of Booker's profits had been earned in agriculture. Seven years later that proportion had shrunk to just 2 per cent and one of the principal strands in Booker's subsequent thinking has been to rebuild its presence in this activity.

The key deal to this end was struck in 1979 when Booker took a 40 per cent stake in Mr Nelson Rockefeller's International Basic Economy Corporation, a U.S. quoted company specialising in chicken and turkey breeding.

In 1983, the partnership was merged with Booker Agriculture International, the management and consultancy operation, before Booker took its stake up to 80 per cent last year. Including the Fletcher and Stewart sugar processing machinery manufacturer, farm management activities in the UK and the U.S. and fish farming, the agricultural division now accounts for about a quarter of group profits.

The other strands in the group's development in the last eight years have been a substantial rationalisation and weeding out of many peripheral businesses and the growth by acquisition of Booker's activities in food distribution and retailing.

One of the first major post-nationalisation acquisitions was Kinloch (Provision Merchants) for £13.2m to which Booker added Kearley and Tonge and Warriner and Mason in 1980.

The pace of corporate change has quickened in the past two years as Booker sold its Fletcher Sutcliffe wild mining machinery business to Dobson Park Industries for £10.5m in May 1983 and followed up five months later with the disposal of the SPP pump and filter subsidiary to its management for £7.1m.

Early this year, Booker completed the acquisition of Bishop's Group, a chain of 61 supermarkets, for £12.8m and sold its spirits, liquers and wines interests to Allied Lyons for £28.1m and Seagrams for £14.7m. Finally, the U.S. vitamin supplement group, Radiance, was acquired for $10m in March.

The effect of these changes, plus the increase in the IBEC stake, has been to build the proportion of capital employed in the agriculture division from 3 to 36 per cent in the last four years, and to cut assets employed in the engineering division from 37 to 9 per cent.

Food distribution now accounts for 29 per cent against 24 per cent of group assets four years earlier while the health products division now uses 22 per cent of Booker's resources by comparison with 12 per cent in 1979.

Dee has timed its approach well. For despite the accelerated programme of reorganisation, Booker's profits of £25.12m last year, although usefully ahead of their 1982 level of £16.97m, are still just shy of the 1978 peak of £26.2m. The offer finds Booker cash positive, approaching an ungeared position and still to make the planned moves into agriculture and health products.

One of the key areas of weakness in the residual businesses is the Booker Cash and Carry operation, totalling 116 outlets, which took a small trading loss last year. And despite efforts to pare back surplus and duplicated sites and give the depots a common trading identity, Booker has warned of its concern that some food manufacturers "are providing discriminatory discounts to large retailers which are not available to us as wholesalers and which should be available on grounds of manufacturers' costs of distribution."

But, rightly or wrongly, Booker will always be best known for one of its smallest activities, the authors' division and for the £15,000 Booker Prize for Fiction.

Established in the 1960s, when tax legislation made it worth while for writers to sell copyright interests for a capital sum, the list of authors was effectively frozen by subsequent fiscal changes. Nevertheless, Booker maintains a valuable stable which includes the Agatha Christie copyright for films and books and a 51 per cent interest in Ian Fleming book royalties.

Booker has said that it will keep this business since it produces an average annual return of 360 per cent on assets.

Dee, on the other hand, sees no obvious role for authors, or the remaining engineering and shipping interests for that matter, within its programme of retail expansion. They would be sold if Dee succeeds but what of the Booker Prize. J. M. Coetzee is due to pick up the award for *Life and Times of Michael K* next October. By that time shareholders, or perhaps the Office of Fair Trading, will decide which group will be donating the Prize.

COMPANY NEWS IN BRIEF

Yearling bonds totalling £15.15m at 10⅜ per cent, redeemable on June 5 1985, have been issued this week by the following local authorities:

Basildon District Council £500,000; Bromsgrove DC £500,000; Bury Metropolitan Borough Council £500,000; Eastbourne BC £1m; Kirklees Metropolitan BC £2m; Llanelli (Borough of) £250,000; Tewkesbury BC £500,000; Wellingborough (Borough of) £250,000; West Glamorgan County Council £750,000; Brighton BC £1m; Fife Regional Council £1m; Sandwell (Metropolitan Borough of) £1m; Brent (London Borough of) £500,000; Hounslow (London Borough of) £1.5m; Nithsdale DC £1m; Northavon DC £250,000; Suffolk Coastal DC £500,000; Alnwick DC £150,000; Barnsley Metropolitan BC £1.5m; Vale Royal DC £500,000.

* * *

Despite interest charges up from £544,000 to £701,000, pre-tax profits at Barranquilla Investments, property investor and developer, improved from £864,000 to £988,000 in the 28 weeks to April 14 1984. The interim dividend is unchanged at 20.55p net.

The directors say the increased pre-tax profits reflect the benefit of the full rental income now being obtained from 26, Finsbury Square, London. Refurbishment work at two properties has been completed.

Turnover of this subsidiary of Granada Group increased from £1.25m to £1.67m. No tax was payable against £275,000 last time. Earnings per 50p share soared from 10.8p to 71.2p.

* * *

Interim pre-tax profits of caravan manufacturer Ace Belmont International fell from £492,000 to £306,000. Turnover for the period, to February 29 1984 improved by £734,000 to £14.29m. The profits were after bank interest charges of £76,000, against a previous £32,000. Earnings amounted to 9.71p, compared with 18.48p per £1 share. The company's issued equity capital is all privately held.

Pre-tax profits for 1982-83 rose from £1.56m to £2.1m and were achieved on a turnover of £34.95m (£30.29m). Earnings totalled 77.2p (41p).

* * *

Pre-tax losses of Dublin-based Brown Thomas Group rose from I£242,000 to I£578,000 over the year to January 31 1984 although only I£38,000 of the deficit came in the second half.

Over this period, improved trading in the main store in Grafton Street was offset by continuing losses at the Bailey and Gaywear subsidiaries.

The current year has started well with good trading in the fashion and merchandise department. The Bailey losses have been eliminated and Gaywear trading is also better.

Turnover for 1983-84 totalled £14.29m (£13.13m). Pre-tax figures were after interest of £307,000 (£219,000), depreciation of £168,000 (£163,000) and redundancy and retirement payments of £143,000 (£70,000). Included was a £149,000 (£93,000) profit on from the disposal of a leasehold property and a premium on mortgage redemption policies of £57,000 (nil).

Tax added £235,000 (£131,000) after which loss per 25p share emerged at 9.64p (3.75p). There is again no dividend—the last payment was in 1982.

* * *

Mr G. Fisher, the chairman, of Feb International, said at the annual meeting that trading both at home and overseas had shown an increase over the same period last year. Providing the trend continued he saw no reason why 1984 should not prove to be another record year for profits.

* * *

The offer for sale by tender by Portsmouth Water Company of £2,000,000 7⅞ per cent redeemable preference stock, 1987, attracted applications totalling £1.12m. The lowest price accepted was £99⅞, and the average price was £99.7084. Dealings are expected to commence June 1.

* * *

Substantial progress has been made during the first five months at London and Edinburgh Trust, Mr John Beckwith, the chairman, told the annual meeting.

He said the progress had been made both in terms of the letting of company's current programme and the acquisition of prime sites which would constitute its future programme.

Against a background of continued uncertainty in financial markets generally, he fully concurred with recent forecasts by leading London estate agents and City analysts which pointed to a stronger letting market during 1984-85, coupled with a stronger, though selective demand by institutions for property investment.

* * *

Mr Stephen Marks, chairman of the French Connection Group, said at today's AGM that margins were being maintained in all the group's companies and he looked forward to reporting significantly better results next year.

* * *

At the AGM of Magnolia Group (Mouldings), the chairman said that sales to date were slightly ahead of those in same period in 1983, but he was reluctant at this state to attempt to forecast with any certainty the company's financial trading position for 1984.

* * *

Three subsidiaries of British Electric Traction have all reported improved pre-tax profits for the year to March 31, 1984.

National Electric Traction pushed profits up from £684,000 to £816,000 and after tax of £284,000, against £220,000, the net result was up at £532,000 (£464,000).

Profits of Electrical and Industrial Investment increased by £94,000 to £1.18m, and the net asset value per share was up to £219.14 (£166.55) at the year end. Tax paid amounted to £346,000 (£316,000), after which earnings per share were 820p (759p).

Net asset value per share of the Birmingham and District Investment Trust was 10.52p higher at 53.52p at the year end. Profits rose from £4.5m to £4.67m and earnings per share increased to 1.92p (1.77p), after tax of £1.83m (£1.43m).

LAW

FT COMMERCIAL LAW REPORTS

Digest of cases reported in Easter Term

FROM MAY 2 TO MAY 25 1984

Stewart v Oriental Fire and Marine Insurance Co. Ltd. (FT, May 2)

Public policy required the protection, rather than the prejudice, of insured persons, and at the very least should not allow an offending insurer to resist the payment of claims, Mr Justice Leggatt stated in a claim by a Lloyd's syndicate against reinsurers. Although the reinsurers were not duly authorised to conduct insurance business under the Insurance Companies Act 1974, the judge refused to follow Mr Justice Parker's decision in the *Bedford case* that insurance contracts, made without authorisation, were void. Instead, he held that the Act intended to do no more than penalise insurers who acted in contravention of its terms.

Official Custodian for Charities and others v Parway Estates Developments Ltd. (FT May 4)

The appellant landords had granted Parway a lease which provided that they might re-enter if Parway were to go into compulsory or voluntary liquidation. Although notice had been given of Parway's liquidation in the *London Gazette*, the Court of Appeal held that the landlords, unaware of the liquidation until sometime later, ought not be treated as having had constructive notice of the event. Section 146 of the Law of Property Act 1925 specified one year in which an insolvent tenant might obtain relief from forfeiture, the court did not have an inherent jurisdiction to grant relief unlimited in time.

Nethermere (St Neots) Ltd. v Taverna and Gardiner (FT, May 9)

A majority of the Court of Appeal upheld an Employment Appeal Tribunal decision that Mrs Taverna and Mrs Gardiner, who started doing homework in the manufacture of trousers in 1978, were "employed" by the appellant company. The two homeworkers had submitted weekly time sheets, to be paid at the same rate as the factory workers, and their work formed an essential part of the company's production. Well-founded expectations of continuing homework could harden into enforceable contracts over periods of a year or more, Lord Justice Stephenson stated, and outworkers could thereby become employees under contracts of service protected under the Employments Act.

Peacock Homes Ltd. v Secretary of State for the Environment (FT, May 11)

Peacock Homes was granted planning permission in 1950-51 for the erection of a warehouse for a limited period. The last of several conditional extensions stipulated that the building had to be removed on or before March 31 1974. More than six years later, the planning authority served enforcement notices which were upheld by the Secretary of State for the Environment. A Queen's Bench judge held that the notices were out of time and invalid. The Court of Appeal dismissed the Secretary of State's appeal and held that he had failed to comply with the requirement in section 87 of the 1971 Town and Country Planning Act that the enforcement notice had to be served within four years of the date of the breach. Although that section referred to planning permission for the "development of land," it also applied to demolition, the court held.

Farley v Housing and Commercial Developments (FT, May 15)

After building contractors became insolvent in 1975, they assigned all moneys payable to them under a contract with the defendant employers to Mr Farley. The employers acknowledged that some moneys were due but also counter-claimed for delay and for unfinished work in the arbitration proceedings that followed. On a case stated by the arbitrator, Mr Justice Neill held that by reason of section 31 of the 1914 Bankruptcy Act, as applied by the 1948 Companies Act, an account had to be taken at commencement of liquidation. Thereafter the only sum available for an assignment to Mr Farley would be the balance, if any, found due to the builders by such an account.

Mabanaft GmbH v Consentino Shipping Co. SA (FT, May 16)

Mr Justice Lloyd stated that applications to set aside arbitral awards for technical misconduct had become more frequent since the passing of the 1975 Arbitration Act under which an arbitrator could be required to give reasons. Such applications provided the unsuccessful party with his last line of defence and it was important that they should not become a back-door means of appeal. In the present case, the arbitrators had provided their own theory as to how a shipment of gasoline had become contaminated and their hypothesis had not been put to the charterers' expert. However, the award was not thereby invalidated because the arbitrators stated that they would have reached the same result even if the theory had not been put forward.

O'Keefe (Inspector of Taxes) v Southport Printers Ltd. (FT, May 18)

When Southport contemplated closure of its printing works, it had been essential to mute the initial reaction of unions and employees. It was agreed with the unions that Southport would meet its statutory obligations and that its parent company would contribute to the union's settlement figure of £111,000. Because of union co-operation the company's work was completed ahead of time and the closure date was brought forward. As a result, Southport paid an extra £8,085 as "payments in lieu of notice." Mr Justice Nourse held that the £8,085 was tax deductible under section 103 of the Income and Corporation Taxes Act 1970, as the money had been wholly and exclusively laid out to ensure an orderly closure and was therefore payment for "the purposes of the company's trade."

The Marion (FT, May 22)

A ship's master who navigated with a long obsolete chart caused extensive damage to a pipeline on the seabed. In dismissing the shipowners' appeal from a Court of Appeal decision that they were fully liable under the Merchant Shipping Acts, the House of Lords held that shipowners did not discharge their responsibilities by merely appointing a competent master and leaving the questions of navigation to him. Thus the shipowners' managers had failed to perform their duty of ensuring an adequate degree of supervision in relation to the charts, and their oversight constituted the shipowners' actual fault in law.

Sport International Bussum BV and Others v Inter-Footwear Ltd. (FT, May 23)

Clause 13 of a schedule to a consent order provided that if Inter-Footwear failed to pay any instalment or furnished the necessary guarantees, its licences to use SI's trademarks and names would be determined. After a failure to provide the second guarantee on time, SI determined the licence. Dismissing Inter-Footwear's appeal for relief against the forfeiture, the House of Lords held that although it was not a suitable case for defining the boundaries of the equitable doctrine of relief against forfeiture, Inter-Footwear had not brought itself within the recognised boundaries and had not established an arguable case for the intervention of equity.

An Bord Bainne Co-operative Ltd. v The Milk Marketing Board (FT, May 25)

On an appeal against Mr Justice Neill's refusal to strike out certain points of claim in an action brought by the Irish Dairy Board, the Milk Marketing Board contended that they involved an abuse of process because the alleged cause of action was in the field of public law and could only be pursued by judicial review. In dismissing the board's contention, Sir John Donaldson MR stated that the Irish board's claim was admittedly based on alleged private law rights which could not be severed from the public law issues. In every case the court had to have regard to considerations of public policy and such consideration might well bear differently on different parts of the claim, causing a court to strike out part only. But in the present instance, the public and private law issues were not even collateral to one another, they were inextricably mixed and homogenised.

By Aviva Golden

The Commercial Law Reports will recommence on Tuesday, June 5.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange, London for the purpose of giving information to the public with regard to Allied International Funds Limited ("the Company"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which could make misleading any statement herein whether of fact or opinion. All the Directors accept responsibility accordingly. Application has been made to the Council of The Stock Exchange for all the Participating Shares of each class of the Company issued and available to be issued to be admitted to the Official List.

If prospective investors are in any doubt about the contents of this Prospectus they should consult their stockbroker, bank manager, licensed dealer, solicitor, accountant or other financial adviser.

A copy of this Prospectus and the documents specified herein have been delivered to the Registrar of Companies in England and Wales for registration pursuant to the Companies Act 1948 (of Great Britain) and also to the Registrar of Companies in the Isle of Man pursuant to the Companies Acts 1931-1982 (of the Isle of Man).

Allied International Funds Limited

A company incorporated with limited liability in the Isle of Man under the Companies Acts 1931 to 1982 and having an authorised share capital of US $500,010.

Offer For Sale by Dunbar & Company Limited on behalf of Allied Hambro International Fund Managers Limited

Up to 200,000,000 Participating Redeemable Preference Shares of US $0.0025 each ("Participating Shares") at prices per investment class of Participating Share as set out in the section entitled "Initial Offer" later in this Prospectus. The Application lists for the Participating Shares being offered pursuant to the Initial Offer will open at 9.00 am (Isle of Man time) on Wednesday 6th June 1984 and close at 5.00 pm on Wednesday 13th June 1984.

Subsequent Offer After the closing of the Application lists for the Initial Offer, and subject to the Participating Shares being admitted to the Official List of The Stock Exchange, Participating Shares will be offered for sale by Dunbar & Company Limited on behalf of Allied Hambro International Fund Managers Limited on regular dealing days at prices calculated as detailed in this Prospectus.

Allied International Funds Limited

Board of Directors Joel Goodman Joffe (Chairman) B.COM, LL.B, Allied Hambro Centre, Swindon SN1 1EL, Joint Managing Director of Hambro Life Assurance plc. Nigel Foster Burton, MA, FIA, Allied Hambro Centre, Swindon SN1 1EL, Head of International Operations, Hambro Life Assurance plc. Peter Graham Crellin BA, 15 Athol Street, Douglas, Partner in T W Cain & Sons (Isle of Man Advocates). Calvert Crawford Hassard MA, ACII, Allied Hambro International Centre, Prospect Hill, Douglas, General Manager and Director of Allied Hambro International Fund Managers Limited. Alan Raymond Sutton, Allied Hambro International Centre, Prospect Hill, Douglas, Formerly a Director of the Occidental Petroleum Co. Inc. Now retired. **Registered Office:** Allied Hambro International Centre, Prospect Hill, Douglas, Isle of Man. **Managers, Registrars and Secretary:** Allied Hambro International Fund Managers Limited, Registered Office: Allied Hambro International Centre, Prospect Hill, Douglas, Isle of Man, Registered in the Isle of Man Number: 23846, Telephone: Douglas (0624) 29411. **Investment Advisers:** Allied Unit Trusts Limited, Allied Hambro Centre, Swindon SN1 1EL. **Custodian:** Williams & Glyn's Bank (I.O.M.) Limited, Victory House, Prospect Hill, Douglas, Isle of Man. **Stockbrokers:** Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA. **Auditors:** Peat, Marwick, Mitchell & Co, Chartered Accountants, Victory House, Prospect Hill, Douglas, Isle of Man. **Legal Advisers:** In England: Allen & Overy 9 Cheapside London EC2V 6AD In the Isle of Man: T W Cain & Sons, 15 Athol Street, Douglas.

Allied International Funds Limited

The Company was incorporated on 24 May 1984 in the Isle of Man under the Companies Acts 1931 – 1982, as a limited liability investment company.

The constitution of the Company enables it to act in a similar way to an open ended unit trust by issuing and redeeming Participating Shares of various investment classes at prices based on the underlying net asset value of the fund of assets attributed to such investment class ("Investment Funds").

At the date of this Prospectus the Company has six investment classes of Participating Shares to which the following Investment Funds are attributable:

Allied International Managed Fund
Allied International Managed Currency Fund
Allied International Worldwide Equity Fund
Allied International North American Growth Fund
Allied International Far East Fund
Allied International Sterling Fixed Interest Fund

The Articles of Association allow for the creation of Participating Shares of further investment classes by resolution of the Directors. The regulations of The Stock Exchange, London will be observed regarding the introduction of such new investment classes of Participating Shares.

Aims and Objectives of the Company

Aim

The aim of the Company is to provide an attractive, tax-efficient, investment medium for investors worldwide. Resident, for tax purposes, in the Isle of Man the Company will not pay UK corporation tax on its income or capital gains (other than withholding taxes on dividends received). Management is provided by a company which is part of a major British group of financial services companies.

The investment policy of each of the Investment Funds is set out below and investment restrictions applicable to the Company are set out below in the section entitled "Investment Restrictions".

Investors

The Company believes its Participating Shares will be of particular interest to:

Expatriate investors looking for an investment medium for their earnings, or seeking to improve the investment performance of an existing capital sum. Such investment may form a major element in the expatriate's strategy of provision for retirement.

UK-residents of non-UK domicile wishing to take advantage of remittance-basis taxation. Such investors will seek to ensure that their investment income and realised gains arise outside the UK's tax jurisdiction.

Investors, wherever resident, seeking to invest in a Managed Currency Fund.

Investors, wherever resident, seeking investment in a Managed Fund and, in particular, in a Managed Fund which can provide exposure to international property investments.

Attractions of an investment in Allied International Funds Limited

The Company offers investors the opportunity to benefit from a 'pooled investment', the effective freedom of the Company from Manx taxes (as described in paragraph 4 of the Appendix) on its investment portfolio, and the absence of Manx withholding taxes on distribution of income to shareholders.

Professional management

Each Investment Fund is advised by full-time professional investment managers who are constantly able to monitor and react to movements in the world's investment markets.

Spread of risk

Each individual investor benefits from the investment performance of the total Investment Fund in which his Participating Shares are invested, thereby reducing the exposure to volatile movements that might be experienced in direct investment.

Strength in the market

The Managers have a continual presence in the international investment markets and are dealing with sums of money much greater than would be available to the average private investor. In consequence they are able to take advantage of investment opportunities and to achieve lower costs and higher returns than normally available to the private direct investor.

No tax on the Company's realised gains

A private investor frequently has to consider whether to dispose of one line of stock to enable him to buy another. Such a disposal may give rise to tax on any realised gain, and thus represent a constraint on the investment decision. No such constraint exists for the Company, and in consequence the Managers are able to take investment decisions free from such potential limitations.

Investment Advisers

Allied Unit Trusts Limited ("Investment Advisers"), a company resident in the United Kingdom has been appointed by the Directors to provide investment advice to the Managers. The Company has entered into an Investment Advisory Agreement particulars of which are set out in paragraph 9 of the Appendix. Allied Unit Trusts Limited, one of the founders of the unit trust industry, is a wholly owned subsidiary of Hambro Life Assurance plc and will provide continuing advice on the investment activity of each Investment Fund.

Allied Unit Trusts Limited currently provides investment advice to and manages 26 unit trusts with funds totalling in excess of £1,000,000,000.

Specifically the advice will be drawn from the following individuals who are employees of or assigned to Allied Unit Trusts Limited:

Dr John Gurney

John Gurney, who was awarded his doctorate in engineering, has written widely on a number of investment topics, mainly on the subject of risk assessment. He has had many years of practical experience as an investment manager, specialising in international investment, particularly in the USA. Among the successful unit trusts for which he is responsible is the Allied American Special Situations Trust, which has been a leading performer in its sector in the two years following its launch in 1982.

Sydney Lipworth B.COM LL.B

Sydney Lipworth enjoyed a successful career at the South African Bar. Subsequently he has become Deputy Chairman of Hambro Life Assurance plc. He has direct responsibility for all the Hambro Life group's investments, totalling in May 1984 more than £2,500 million, and has been, since its inception, a member of Hambro Life's Investment Panel, with particular responsibility for property investment.

Harry Littlefair

Harry Littlefair has spent his career in investment and for many years has headed the Equity Investment Team at Allied Unit Trusts Limited, the second oldest Unit Trust management company in the United Kingdom with a well established record of sound, effective management. Mr Littlefair has been responsible for many successful unit trusts including Allied High Income Trust and Allied Recovery Trust.

John Sharman MA FIA

An Oxford scholar, and an actuary, John Sharman has many years experience with insurance companies, in particular with unit-linked life offices, and is on the examining board of the Institute of Actuaries specialising in the Bond and Money markets. He has enjoyed considerable success since he joined the Allied Hambro Financial Management group of companies in March 1983, perhaps best demonstrated by the record of the Allied Gilt Growth Trust during this period. To date (May 1984) this Trust has consistently been among the best performing gilt funds in a very competitive field. The funds for which Mr Sharman was responsible in May 1984 exceeded £500,000,000.

Investment Funds

*Allied International Managed Fund

Investment Policy

To invest for a high total return from a balanced and managed portfolio of asset types in various economies.

Suitability

This will be the most suitable Fund for the majority of investors looking to build up a professionally managed spread of investments over the medium to long term. The assets within this Fund will be varied in the light of changing investment conditions. The Fund is advised by a panel of experts and aims to give the best chance of real long-term growth combined with stability.

The significant virtue of this Fund for most investors is that decisions on investment sectors, timing and liquidity are left to the Managers. If he wishes, the investor can 'buy and forget', until he decides to realise his investment.

Types of investment

The Fund will be invested primarily in the equity and fixed interest stock markets and in holdings of commercial and industrial property of the major capitalist economies, and the proportions in each will be varied to reflect changing investment conditions.

Advisers

An Investment Panel comprising: Sydney Lipworth, Harry Littlefair, John Gurney and John Sharman.

*Allied International Managed Currency Fund

Investment Policy

To invest for a high total return from a portfolio of short term money investments in various currencies.

Suitability

The Fund will be suitable for both UK and expatriate investors wishing to build a portfolio of assets over the medium to long term, who are able to accept the risk inherent in all currency investment. Movements in exchange rates are significant and volatile, and relate not only to fundamental, but also to technical and speculative factors. The Fund therefore represents a highly volatile but potentially high-reward investment vehicle. The element of potential risk will make it inadvisable to use this Fund in isolation.

Types of Investment

The majority of the Fund will be invested in interest bearing time deposits in a spread of major currencies, and will be earning the higher rates of interest not normally available to the individual investor. Investments may be made in all forms of money market instruments which will normally be held to maturity, and in any currency where the projected return over the life of the investment by way of interest and capital appreciation is attractive.

Limited sales and purchases of currencies may be made through the forward and financial futures currency markets.

Adviser

John Sharman.

*Allied International Worldwide Equity Fund

Investment Policy

To invest for a high total return in an international portfolio of equities.

Suitability

The Fund is suitable for investors wishing to participate for the medium to long term in a professionally managed spread of equity investments. Equity investment constitutes risk capital for industry, and as such values may rise or fall with changing circumstances. The Fund will therefore be appropriate for those investors wishing to obtain exposure to a wide spread of good quality shares, and who are able to accept short-term fluctuations, in order to achieve the higher long-term returns associated with risk capital.

Types of Investment

The Fund will invest principally for prospects of capital growth in international stocks, generally in shares of leading companies, but also indirectly through other media such as units trusts, investment trusts, convertible securities, fixed interest securities and traded options as circumstances warrant.

Adviser

John Gurney.

*Allied International North American Growth Fund

Investment Policy

To invest for a high total return from a portfolio of equities based in North America.

Suitability

The Fund has all the general attributes of funds invested in equities, but gives specific exposure to the North American markets. The Fund is therefore suitable for those investors looking for real growth over the longer term, who are prepared to accept short-term price fluctuations and who wish to take an interest in the North American market.

Types of Investment

The Fund will invest for capital growth, primarily in shares of leading companies, either directly, or indirectly through other media such as unit trusts, investment trusts, convertible securities, fixed interest securities and traded options, as circumstances warrant.

Adviser

John Gurney.

*Allied International Far East Fund

Investment Policy

To invest for a high total return from a portfolio of equities based in the principal Far Eastern markets.

Suitability

The Fund has all the general attributes of funds invested in equities, but gives specific exposure to the Far East markets. The Fund is therefore suitable for those investors looking for real growth over the longer term, who are prepared to accept short-term price fluctuations and who wish to take an interest in the Far East market.

Types of Investment

The Fund will invest for capital growth, primarily in shares of leading companies, either directly, or indirectly through other media such as units trusts, investment trusts, convertible securities, fixed interest securities and traded options as circumstances warrant.

Adviser

John Gurney.

*Allied International Sterling Fixed Interest Fund

Investment Policy

To achieve a high total return whilst maintaining stability from a portfolio of sterling-denominated fixed interest investments and money market assets.

Suitability

Suitable for expatriates and other investors placing a premium on stability over high performance and wishing to invest for the short to medium term. The Fund will also be appropriate for the consolidation of gains made in other Investment Funds, for increasing capital security near the end of an investment period, and for short-term investment when the outlook for other markets is unfavourable.

Types of Investment

All assets will be sterling-denominated. Investments will primarily be in those UK Government Securities (gilt-edged stock) which can pay income free of UK withholding tax to the Fund, and in bank deposits. As market conditions justify, investments may be made in all kinds of appropriate assets, including Eurosterling stocks.

Limited sales and purchases of fixed interest securities may be made through the financial futures exchanges, whilst bearing in mind the investment policy of the Fund.

Adviser

John Sharman.

Investment Restrictions

The Directors intend that the following restrictions will apply to the investments held by the Company:

No more than 5% by value of the assets of the Company will consist of offshore funds, other than offshore funds which receive or are expected to receive certification as distributing funds from the UK Inland Revenue. For this purpose 'offshore funds' includes investment companies resident outside the UK and unit trust schemes (as defined in the UK Prevention of Fraud (Investments) Act 1958 as it applies in England) the trustees of which are not resident in the UK.

No more than 10% by value of the assets of the Company will consist of interests in any other single company other than by way of deposits with banks.

The assets of the Company will include no more than 10% of the issued share capital of any company or of any class of that share capital.

Legal or management control of underlying investments will not be taken.

A reasonable spread of investments will usually be maintained.

The investment policy referred to as it applies in respect of each Investment Fund will be adhered to for a minimum of three years following admission of the Participating Shares to the Official List of The Stock Exchange, London.

No more than 10% of the assets of any Investment Fund will consist of options or financial futures contracts when comparing the cost of those options and financial futures contracts with the asset value of the Fund in question.

Offer of Participating Shares

Initial Offer

The following Participating Shares are available under the Initial Offer:

at US $0.25 each:

Participating Redeemable Managed Preference Shares ("Managed Shares")
Participating Redeemable Managed Currency Preference Shares ("Managed Currency Shares")
Participating Redeemable Worldwide Equity Preference Shares ("Worldwide Equity Shares")
Participating Redeemable North American Growth Preference Shares ("North American Growth Shares")
Participating Redeemable Far East Preference Shares ("Far East Shares");

at £0.25 each:

Participating Redeemable Sterling Fixed Interest Preference Shares ("Sterling Fixed Interest Shares").

These prices include the Managers' charges detailed in the section entitled "Fees and Charges" set out later in this Prospectus.

The Application lists will open at 9.00 am on 6th June 1984 and will close at 5.00 pm on 13th June 1984. Applications must be accompanied by a remittance for the purchase monies.

Applications received after the closure of the lists will be treated as applications for Participating Shares on the day the monies are received pursuant to the Subsequent Offer.

Subsequent Offer and Redemption

Subject to the Participating Shares being admitted to the Official List of The Stock Exchange, London, after the Initial Offer Participating Shares of each investment class will continue to be offered for sale under this Prospectus and may be redeemed on Dealing Days at the respective Offer Prices and Redemption Prices. These prices are calculated as referred to below in the paragraph headed "Valuations". An Application for Participating Shares will only be processed on a particular Dealing Day if it is received at the Managers' registered office by 1.00 pm on that Dealing Day accompanied by a remittance in the currency in which the price is quoted or a promise of payment satisfactory to the Managers. Application procedures are detailed later in this Prospectus.

Valuations

The prices at which the various investment classes of Participating Shares are offered (pursuant to the Subsequent Offer) and redeemed, ("Offer Price" and "Redemption Price" respectively) are based on the underlying net asset value of the investments of the respective Investment Funds. Consequently the value of any class of Participating Shares may fluctuate as a result of changing investment conditions. It must be remembered that the price of Participating Shares and the income from them, can go down as well as up.

The method for calculating the Offer and Redemption Prices for each investment class of Participating Shares is detailed in paragraph 2 of the Appendix to this Prospectus.

Publication of Share Prices

It is proposed that the latest Offer Price and Redemption Price of each class of Participating Shares will be published daily in the *Financial Times* commencing as soon as practical after the closure of the Initial Offer.

Redemption procedures

Redemptions (of all or part of a holding) are effected as follows: shareholders should notify the Managers (in writing or by telex) at their registered office, of the number and investment class of the Participating Shares to be redeemed, and should lodge with the Company or its authorised agent the relevant share certificates duly endorsed (ie. with the redemption certificate on the reverse of the share certificate duly completed and signed). Valid redemption requests received by 1.00 pm on a Dealing Day will normally be processed on that Dealing Day. Late redemption requests will normally be dealt with on the next Dealing Day.

Cheques for the proceeds of Participating Shares redeemed will (provided that the duly endorsed share certificates have been received) normally be posted at the shareholder's risk within 7 days of the relevant Dealing Day.

In respect of redemption requests received within a 3 month period of the acquisition of the shares, where the payment for the shares was effected other than by cash, a bankers draft or a cleared sterling cheque, the Company reserves the right to defer redemption until the end of the 3 month period.

Dividends

After deduction of permitted expenses and charges (see below under "Distributor Status") all income attributable to the Participating Shares of each investment class will be distributed to the holders of those shares by way of dividend at least annually. Dividends will only be paid up to the extent that they are covered by income received or receivable from underlying investments. Surpluses arising from the realisation of investments will not be distributed as dividends.

	*Estimated Annual Yield	1st Divd Planned	Frequency
Allied International Managed Fund	3½%	Jun 85	HY
Allied International Managed Currency Fund	6%	Mar 85	HY
Allied International Worldwide Equity Fund	½%	Apr 85	Y
Allied International North American Growth Fund	½%	Apr 85	Y
Allied International Far East Fund	½%	Apr 85	Y
Allied International Sterling Fixed Interest Fund	8½%	Mar 85	HY

*at May 1984 Y=Yearly HY=Half Yearly

Payment of Dividends

Normally cheques for dividends will be posted to the sole or first registered holder. However, the payments can be credited directly to the registered holder's bank. Please ask the Managers for a Dividend Mandate for completion if this facility is needed. Alternatively dividends can be automatically re-invested (please see the following section).

Automatic Reinvestment Facility

Shareholders who do not wish to receive their dividends may elect to have dividends declared on any investment class of Participating Shares held by them automatically reinvested in the acquisition of Participating Shares of that investment class. To take advantage of this facility please complete the relevant section of the Application Form. The Managers intend to allow a 2% discount on the prevailing Offer Price for Participating Shares purchased with automatically reinvested income.

Switching Between Funds

Investors may elect to switch their Participating Shares from one investment class to another. In order to effect a switch, investors should notify the Managers by completing the form of redemption and the New Funds Instruction on the reverse of the Share Certificate.

Following receipt by the Managers of a valid switch instruction, they will redeem the relevant Participating Shares and use the proceeds arising to purchase Participating Shares in the new Investment Fund on behalf of the investor. The Managers intend to allow a discount of not less than effectively 3% on the prevailing Offer Price in respect of such new purchases.

UK-resident (or ordinarily resident) investors should note the Company's understanding that the switch procedure detailed above will constitute a disposal of the old shares for UK capital gains tax purposes.

Where the Investment Funds involved in a switch are denominated in different currencies, the Managers will effect any necessary currency conversions within the terms of the Currency Conversion Service.

Currency Conversion Service

For the convenience of investors, the Managers will normally, upon request, accept Application monies for investment, or issue cheques on redemption of Participating Shares, in major currencies other than that in which the Investment Fund in question is denominated. Any currency conversion is at the investor's risk in terms of exchange-rate fluctuations and is subject to the rates of exchange, charges or commissions that the Managers may set from time to time which will be notified upon request to those investors making use of this service.

Daily Dealing

The Managers propose that in general each Business Day in the Isle of Man shall be a Dealing Day.

Fees and Charges

The offer price both under the Initial and the Subsequent Offers includes an amount to be retained by the Managers on the sale of Participating Shares of each investment class and an element for rounding purposes. These will be agreed between the Managers and the Company but will not exceed respectively 5 per cent and 1 per cent of such offer price.

The Managers are also entitled to be paid a fee by the Company for their services under the Management Agreement. The fee is calculated on a daily basis and paid monthly and will be at an annual rate of 1% of the net assets of the Investment Funds plus VAT. The fees and expenses of the Investment Advisers will be borne by the Managers out of their remuneration.

The Custodian is also entitled to be paid a fee by the Company for its services under the Custodian Agreement. This fee is calculated on a daily basis and paid monthly at a rate of 0.125% per annum of the first £20 million of the aggregate net asset value of the Investment Funds, and 0.0625% of any balance subject always to a minimum fee of £6,000 in any calendar year. This fee plus VAT will be charged to the Investments Funds in proportion to their respective net asset values. The Managers and the Custodian will be reimbursed by the Company for all out of pocket expenses incurred in connection with their respective duties on behalf of the Company.

The Company is responsible for all its own expenses including legal and audit fees, formation and preliminary costs (details of which are given in paragraph 10 of the Appendix), fees and expenses of its Directors, bank charges, and costs, brokerage or commissions incurred on the acquisition and disposal of investments. The Company is responsible for all fees and expenses associated with property investments (other than the Investment Advisers' fees). The Directors will apportion these costs amongst the Investment Funds.

Taxation

Dividends on all classes of Participating Shares will be payable free of any Manx tax deducted at source subject to the requirements detailed in paragraph 4(a) to the Appendix in the section entitled "Taxation".

This Prospectus is based on the Company's understanding of Manx and UK law at the date of this Prospectus. Prospective investors should consult their professional advisers on the tax consequences of acquiring, holding, selling, redeeming or converting Participating Shares of any investment class under the laws of any jurisdiction to which they are subject. Neither the Company nor its representatives can accept responsibility for the taxation implications for investors.

Distributor Status

In order to qualify for exemption from the proposed new rules for UK resident or ordinarily resident investors relating to the taxation of gains at rates applicable to income on their realisation of interests in offshore funds (as included in the 1984 Finance (No 2) Bill assuming it is enacted in its present form) an offshore fund in which they held their interest must have been certified by the UK Inland Revenue as a distributing fund throughout the period during which that interest was held. To be so certified it must have followed a full distribution policy, distributing to all and not just some of the investors. Therefore, after deduction of expenses and charges within the permitted limits of the proposed legislation, all income attributable to the Participating Shares of each investment class will be distributed to the holders of Participating Shares by way of dividend at least annually.

Further details are contained in paragraph 4(b) of the Appendix.

Directors

Joel Goodman Joffe (Chairman) B.Com LLB, date of birth 12.5.1932. Mr Joffe is Joint Managing Director of Hambro Life Assurance plc and has been involved in the investment linked life assurance industry at a senior level for over 20 years. Mr Joffe is a director of Allied Unit Trusts Ltd.

Nigel Foster Burton MA FIA, date of birth 20.9.1951. Mr Burton is a Fellow of the Institute of Actuaries and since joining Hambro Life Assurance plc in 1983 has been its Head of International Operations. He is also a Director of Allied Hambro International Fund Managers Ltd. Prior to joining Hambro Life Mr Burton held a senior position in the offshore investment related life assurance industry.

Peter Graham Crellin BA, date of birth 9.1.1941, is an advocate practising in the Isle of Man and a partner in T.W. Cain & Sons.

Calvert Crawford Hassard MA ACII, date of birth 2.10.1946, is General Manager and a Director of Allied Hambro International Fund Managers Ltd. He is also a Director of Dunbar International Ltd formed to provide investment and financial management services to expatriates.

Alan Raymond Sutton, date of birth 3.9.1935. Now retired. Mr Sutton was a director of Occidental Petroleum Co Inc and will provide the benefit of his international, commercial and industrial experience to the Company.

Managers, Registrar and Secretary

Allied Hambro International Fund Managers Limited has been appointed as Registrar and to manage the investments of each Investment Fund in accordance with the investment policy determined by the Directors of the Company. It will also undertake the Company's administration, act as principals in the issue, conversion and redemption of Participating Shares and act as Secretary under the Management Agreement dated 30th May 1984 particulars of which are set out in paragraph 6 to the Appendix.

Allied Hambro International Fund Managers Limited is a wholly owned subsidiary of Allied Unit Trusts Limited.

Custodian

Williams & Glyn's Bank (I.O.M.) Limited has been appointed by the Company to be responsible for holding the assets of the Company by an Agreement dated 30th May 1984, particulars of which are set out in paragraph 7 to the Appendix.

Accounts and Meetings

The Company's financial year will end on 31st December in each year. The first audited accounts of the Company will be in respect of the financial period from incorporation to 31st December, 1984. Thereafter audited accounts will be published and sent to Shareholders once a year.

The Annual General Meeting of the Company will be held in the Isle of Man each year, for which Shareholders will be given not less than 14 days notice.

United States of America

The Participating Shares have not been registered under the Securities Act of 1933 of the United States of America and, except in the case of a transaction which does not violate the Act may not be offered or sold, directly or indirectly in the United States of America, its territories, possessions or any area subject to its jurisdiction or to any national or resident thereof.

Restrictions

Participating Shares of each investment class are offered on the basis of the information and representations contained in this document and any further information given or representations made by any person must be regarded as unauthorised.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The Appendix

1 Constitution, Share Capital and Share Rights

The Company was incorporated with limited liability in the Isle of Man on 24 May 1984 under the provisions of the Companies Acts 1931–1982 with registered number 24461.

The Constitution of the Company is set out in its Memorandum and Articles of Association. The Articles of Association may be altered by Special Resolution passed in accordance with the Isle of Man Law.

The authorised share capital of the Company is US $500.010 being made up of 10 Management Shares of US $1.00 each and 200.000.000 unclassified shares of US $0.0025 each, which may be allotted as Participating Shares of any investment class or Nominal Shares. At the date of this prospectus none of the unclassified shares have been issued although the Directors have determined that Participating Shares should be issued pursuant to this Prospectus in the investment classes as set out herein. The Management Shares have been issued at par for cash to the Managers or their nominees. The respective rights attaching to each class of shares are as follows:

(a) **Management Shares**

The Management Shares exist solely to comply with the laws of the Isle of Man, which require that the Participating Shares have a preference over another class of share capital.

The holder of Management Shares is entitled to one vote on a show of hands, but each Management Share carries one vote on a poll. Management Shares do not carry any right to dividends. The holders of a majority of the Management Shares may requisition an Extraordinary General Meeting for the purpose of considering a special resolution to change the name of the Company. Only the Management Shares carry a right to vote on a special resolution to change the name of the Company. Management Shares are not redeemable.

In a winding up, the Management Shares rank only for:

(i) a return of nominal capital (after the return of the nominal capital on Participating and Nominal Shares) insofar as is possible without recourse to the Investment Funds and limited to the value of the Management Fund (being the Fund attributable to the Management Shares) if a lesser amount; and

(ii) a right to share in the surplus assets of the Management Fund after the return of the nominal capital on the Management Shares.

If any of the Management Shares are at any time not held by the Managers for the time being (or their nominees), the Directors may determine that such shares be compulsorily purchased from the holder thereof.

(b) **Participating Shares**

In a winding up Participating Shares of all classes have a preferential right to the return of the nominal capital on those shares. Subject to this, any balance remaining in each Investment Fund is divided between the holders of the investment class of Participating Shares attributable to that Fund. Holders of Participating Shares carry the right to attend and vote at General Meetings and on a poll, the right to one vote for each Participating Share held. Further details of Participating Shares are set out in sub paragraph 2(a) below.

(c) **Nominal Shares**

Nominal Shares can be issued and redeemed only at par and only for the purpose of providing funds for the repayment of the nominal amount of Participating Shares on redemption. They shall be issued only to the Managers.

They may be converted into Participating Shares of any class on payment of the appropriate premium in the currency in which such investment class of Participating Shares is designated (or in such other currency as the Directors shall agree).

A holder of a Nominal Share or Shares has the right to attend at General Meetings and cast one vote on a show of hands but on a poll the holder or holders of Nominal Shares present is or are together entitled to only one vote irrespective of the number of Nominal Shares so held. Nominal Shares carry the right to dividend but this may only be paid from the fund which is held and maintained from the proceeds of the issue of Nominal Shares.

In a winding-up, they have the right to repayment (insofar as is possible without recourse to the Investment Funds) of nominal capital after the return of nominal capital on Participating Shares but before the return of nominal capital on the Management Shares.

(d) **Variation of Class Rights**

(i) Subject to the provisions of the laws of the Isle of Man, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound-up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of three-fourths of the votes cast at a separate class meeting of the holders of such shares.

(ii) The rights attached to each class of Participating Shares are deemed to be varied by any variation of the rights attached to any shares of any other class (other than Participating Shares of any class) and by the creation or issue of any shares (other than Participating Shares of any class) ranking pari passu with them as regards rights to dividend or in a winding-up or reduction of capital.

(iii) Subject to paragraph (b) above the special rights attached to any class of shares having preferential or other special rights are (unless otherwise expressly provided by the terms of issue of such shares) deemed not to be varied by (inter alia) the creation, allotment or issue of further shares ranking pari passu therewith or by the creation of other classes of Participating Shares.

2 Participating Shares

(a) **Investment Funds**

There is an Investment Fund for each investment class of Participating Shares, and the investments in each such Investment Fund are maintained in accordance with the investment policy attributable thereto as determined by the Directors and set out in this Prospectus. The assets and liabilities, income and expenditure attributable to each investment class of Participating Shares are applied to the Investment Fund relating to that particular investment class of Participating Shares subject to the following:

(i) the proceeds from the conversion of Nominal Shares into Participating Shares of any investment class, together (wherever possible) with an amount equivalent to the nominal value, will be applied to the Investment Funds established for the investment class of Participating Shares into which such Nominal Shares are converted.

(ii) where any asset is derived from another asset (whether cash or otherwise), such derivative asset will be applied to the same Investment Fund as the asset from which it was derived and on each revaluation of an investment the increase or diminution in value will be applied to the relevant Investment Fund.

(iii) in the case of any asset of the Company (not being attributable to the Nominal Shares or the Management Shares) which is not considered attributable to a particular Investment Fund or Investment Funds, the Directors have discretion both to determine the basis upon which any such asset shall be allocated between Investment Funds and to vary such basis from time to time, subject to the approval of the Auditors where the asset is not allocated between all the Investment Funds pro rata to their Net Asset Values.

(iv) the Directors have a discretion both to determine the basis upon which any liability will be allocated between Investment Funds (including conditions as to subsequent re-allocation thereof if circumstances so permit) and to vary such basis from time to time, subject to the approval of the Auditors where the liability is not allocated to the Investment Fund or Investment Funds to which in the Directors' opinion it relates or where in the Directors' opinion it does not relate to any particular Investment Fund or Investment Funds but nonetheless the liability is not allocated between all the Investment Funds pro rata to their Net Asset Values.

(v) the Directors may (subject to the approval of the Auditors) transfer any assets to and from Investment Funds if, as a result of a creditor proceeding against certain of the assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (iv) above, or in any similar circumstance.

There is no Investment Fund for the Nominal Shares or the Management Shares, but the assets of the Company attributable thereto will be kept separately from the Investment Funds for the investment classes of Participating Shares but subject to this the Directors may invest such assets in such medium as they deem appropriate.

The Articles of Association allow for the creation of Participating Shares of other investment classes by resolution of the Directors.

(b) **Offer and Redemption Prices of Participating Shares**

The timing and terms of and the price per share at which the first allotment of any new class of Participating Shares is effected will be determined by the Directors. After the Initial Offer and subject as stated in this Prospectus Participating Shares of each existing investment class may be purchased from the Managers on any Dealing Day at an Offer Price per share of not more than an amount ascertained:

(i) by calculating the value (in accordance with the Articles of Association) of the net assets comprised within the relevant Investment Fund as at the valuation point on that Dealing Day;

(ii) adding thereto such sum as the Directors may consider (if any) represents the appropriate provision for the Duties and Charges which would be incurred on the assumption that all the investments comprised within the relevant Investment Fund were purchased or acquired at that valuation point on the relevant Dealing Day;

(iii) deducting therefrom such sum (if any) as the Directors may consider represents the appropriate allowance for Duties and Charges which would be incurred on the assumption that all the investments comprised within the relevant Investment Fund were realised at that valuation point on the relevant Dealing Day.

(iv) dividing the total by the number of Participating Shares of the relevant class in issue at that valuation point on the relevant Dealing Day.

(v) dividing the price so calculated by a factor of not less than .95 and then rounding upwards by an amount not exceeding 1% of the result, the total amount by which the price is thus increased constituting the amount to be retained by the Managers in respect of the initial charge and rounding.

Participating Shares of each class may be redeemed on or as of any Dealing Day at a Redemption Price of not less than an amount per share ascertained in the same manner as the Offer Price above but only by reference to sub-paragraphs (i)-(iv) above on the basis however, that the exercise of the Directors' discretion under sub-paragraphs (ii) and (iii) above may result in a different Offer and Redemption Price for a share of a particular investment class of Participating Shares. The Redemption Price so calculated is rounded downwards by an amount not exceeding 1% of such price.

In using the discretion referred to in sub-paragraphs (ii) and (iii) above, the Directors will take into consideration whether the number of Participating Shares in issue of the relevant investment class is increasing or decreasing and whether net purchases or net sales of investments are being made in respect of the relevant Fund.

The Managers may increase the price at which Participating Shares are offered in respect of any stamp duty or tax which may be payable by the Company or the Managers on the issue or sale of Participating Shares.

(c) **Equalisation Account**

The Managers may operate an Equalisation Account within each Investment Fund under the Company's Articles of Association if they feel this to be desirable to reduce fluctuations in the Fund's undistributed income.

If the Directors are operating such an account in respect of an Investment Fund, every Applicant for Participating Shares of the relevant Investment Class will be required to make an Equalisation Payment simultaneously with the payment of the Offer Price. The Offer and Redemption Price calculation mechanism described in 2(b) above will be amended to exclude net undistributed income of the Investment Fund in question. In addition the price calculated (for purposes of determining the Offer Price) by reference to sub-paragraphs(i)-(iv) of paragraph(b) above shall be adjusted to include the amount of such Equalisation Payment. These amounts will be repaid on the payment of a dividend or a redemption.

The Directors have no current intention of operating an Equalisation Account.

(d) **Compulsory Redemption of Participating Shares**

(i) If at any time after the fifth anniversary of the date of the Company's incorporation the value of the net assets of all the Investment Funds maintained by the Company calculated in accordance with the Articles of Association shall on each Dealing Day falling within a period of twelve consecutive weeks be less than the equivalent of US $20,000,000 the Company may by four weeks' notice to all holders of Participating Shares given within eight weeks after the expiry of that twelve week period redeem on the Dealing Day nominated in such notice at the respective Redemption Prices calculated on that day all (but not some) of the Participating Shares not previously redeemed.

(ii) if at any time after the first anniversary of the incorporation of the Company the value of the net assets of any one of the Investment Funds calculated in accordance with the Articles of Association on each Dealing Day falling within a period of twelve consecutive weeks is less than the equivalent of US $1,000,000 the Company may by four weeks' notice to all the holders of Participating Shares of the class concerned given within eight weeks after the expiry of the twelve week period, redeem on the Dealing Day all (but not some) of the Participating Shares of the class concerned not previously redeemed.

(iii) if it shall come to the notice of the Managers that any Participating Shares are owned directly or beneficially either by any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such shares or by any person whose holding in the opinion of the Directors might threaten a pecuniary or tax disadvantage to the Company then the Managers may give notice to such person requiring him to transfer such shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption of such shares. If such a notice is not acted upon within thirty days of receipt such shareholder shall be deemed upon the expiration of thirty days to have given a request in writing for the redemption of all his Participating Shares.

(e) **Suspension of Valuations**

The Directors may declare a suspension of valuations in relation to any particular Investment Fund for the whole or any part of a period during which:

(i) trading on any securities market on which a substantial part of the investments comprised in the Particular Investment Fund is normally traded is closed or suspended.

(ii) a breakdown occurs in any of the means normally employed in ascertaining the value of investment comprised in such Investment Fund.

(iii) for any other reason the value of a substantial part of the investments comprised in the particular Investment Fund cannot be reasonable ascertained.

(iv) circumstances exist as a result of which it is not reasonably practicable for the investments comprised in such Investment Fund to be realised or disposed of, or for the value of the net assets comprised in such Investment Fund to be ascertained.

(v) the remittance of funds involved in the realisation of, or in the payment for investments or the issue, sale or redemption of Participating Shares cannot be carried out without undue delay and at normal rates of exchange.

No subscriptions, redemptions or conversions of any Participating Shares of a particular Investment Fund shall take place on any Dealing Day for which the valuations of that Investment Fund are for the time being suspended.

Notice of the imposition or lifting of the suspension of valuations, shall (if possible) be placed as soon as practicable in the publications in which subscription and redemption prices are normally quoted.

(f) **Conversions**

(i) Holders of Participating Shares of any class have the right to convert all or part of their holdings of any one class of Participating Shares into Participating Shares of another class or classes.

(ii) Conversion instructions should be received by the Company before 1.00 pm on any Dealing Day (or such other time as the Directors may determine). The conversion of the relevant Participating Shares shall be made on the relevant Dealing Day pursuant to such instructions.

(iii) Conversion may be effected on any Dealing Day and shall be at a rate of not less than the number determined by the following formula (fractions being disregarded):

$$NSH = \frac{OSH \times ORP \times EXR}{NOP}$$

and not more than the number determined by the following formula (fractions being disregarded):

$$NSH = \frac{OSH \times ORP \times EXR}{NSP}$$

where:

NSH is the number of Participating Shares of the new class to be allotted;

OSH is the number of Participating Shares of the original class to be converted;

ORP is the Redemption Price per share of the original class ruling on the relevant Dealing Day;

NOP is the Offer Price per share incorporating any equalisation payment for the new class ruling on the relevant Dealing Day;

EXR is the currency conversion factor determined by the Directors on the relevant Dealing Day as representing the effective rate of exchange (if any) applicable to the transfer of funds between the relevant Investment Funds;

and

NSP is the price per share calculated (for the purposes of determining the Offer Price) by reference to sub-paragraphs (i)-(iv) of sub-paragraph 2(b) above for the new class ruling at the relevant Dealing Day.

(iv) The Directors intend that the difference (if any) between the amount debited to the old Investment Fund and the amount credited to the new Investment Fund should be paid to the Managers by way of commission in respect of such conversion after the payment of any commissions to third parties at the direction of the Managers.

(g) **Accumulation Shares**

The Articles of Association provide the Directors with authority to introduce new classes of Participating Shares, referred to as Accumulation Shares, on which no dividends are paid.

The Directors have no current intention of introducing such shares.

3 Currency Conversion Service

Where any amount of money is due to be paid by the Company to a shareholder (or vice versa) in a particular currency then the Directors may at the shareholder's request make (or receive) the payment in an alternative currency. The rate of currency exchange used to calculate the amount due shall be at the discretion of the Directors.

4 Taxation

(a) **The Company**

The Company is registered in the Isle of Man and the control and management of the Company shall be exercised in such a way that the Company should be resident in the Isle of Man and not in the United Kingdom for taxation purposes. In the Isle of Man there is at the date of this Prospectus no Capital Gains Tax (except in respect of certain transactions involving land and buildings in the Isle of Man), Stamp Duty, Corporation Tax, Capital Transfer Tax, Estate Duty or Inheritance Tax. The Company will be liable to Manx Income Tax (the current rate of which is 20%) on profits after deduction of dividends payable. As the proposed requirements for certification by the UK Inland Revenue as a distributing fund include a full distribution policy (see below) it is expected that the amount of such tax payable (if any) will be small.

The Company will apply to become an Approved Investment Company in the Isle of Man. Assuming this designation is granted (and the Directors anticipate that it will be prior to the declaration of the first dividend), then the Company will be entitled to pay its dividends without deduction of Manx Non-Resident Tax.

(b) **Shareholders**

Individuals, resident in the United Kingdom for tax purposes, who hold Participating Shares (which are not designated as Accumulation Shares) may subject to their personal circumstances be liable to United Kingdom income tax in respect of dividends or other income distributions of the Company.

It is expected that the Company will be an "off-shore fund" for the purposes of certain legislation published in the United Kingdom 1984 Finance (No 2) Bill, which it is proposed will be enacted in the Summer of 1984, the effect of which will be (if enacted in the form of the Bill) to cause United Kingdom taxpayers who dispose of material interests in offshore funds (which a holding of Participating Shares would be) to suffer tax (subject to certain exceptions) on gains arising at rates applicable to income. For this purpose, United Kingdom taxpayers includes persons who are resident or ordinarily resident in the United Kingdom and others whose interest in the offshore fund is held in connection with a branch or agency through which a trade is carried on in the United Kingdom.

The legislation will not however apply to disposals of a material interest in an offshore fund which is certified as a distributing fund throughout the period the interest is held. To obtain certification (which must be applied for separately in respect of each accounting period), an offshore fund must pursue a full income distribution policy and meet certain investment diversification requirements. On the basis of information available to the Directors on the date of this Prospectus a full income distribution policy would appear to require the distribution by an offshore fund of not less than 85% of its income for any accounting period being not less than 85% of its UK equivalent profits (as defined) for that period. The Directors intend, on the basis of the conditions for obtaining certification published prior to the date of this Prospectus, to take all practical steps to meet those conditions and to apply for certification as a distributing fund at the end of each accounting period of the Company. There can however be no guarantee that certification will be obtained or, once obtained, will be obtained for future accounting periods. On the assumption that certification is obtained disposals of Participating Shares will be subject to tax at rates applicable to capital gains.

Also included in the United Kingdom 1984 Finance (No.2) Bill are provisions the effect of which will be to make companies resident in the United Kingdom for tax purposes having a sufficient interest in the Company chargeable to corporation tax in certain circumstances in respect of the income of the Company. In general terms, these provisions will apply to investors who together with their associates, are interested in 10% or more of the income of the Company.

Clearance under Section 464 of the Income and Corporation Taxes Act 1970 from the provisions of Sections 460-467 of the Act (which provide for the cancellation of tax advantages from certain transactions in securities) has been given by the United Kingdom Board of Inland Revenue in relation to the issue, purchase and redemption and conversion of Participating Shares, the purchase of Participating Shares from, and their sale to, the Managers and the purchase and sale of Participating Shares through the Stock Exchange, London. Sales of Participating Shares to a company in which the vendor has a substantial interest are not covered by the clearance.

The attention of individuals ordinarily resident in the United Kingdom is drawn to Sections 478-481 of the Income and Corporation Taxes Act 1970 (as amended) and to Section 45 of the Finance Act 1981 which contain provisions for preventing the avoidance of income tax by individuals through transactions involving the transfer of assets resulting in income, including trading profits, arising to persons (including companies) abroad and may render the individuals liable to taxation in respect of the income and profits of the Company.

The foregoing is based on advice received by the Company on the law and practice currently in force in the United Kingdom and the Isle of Man and is subject to changes therein.

Prospective investors should consult their professional advisers on the tax consequences of acquiring, holding, selling, redeeming or converting Participating Shares of any investment class under the laws of any jurisdiction to which they are subject.

5 Directors

(a) A Director is not required to hold any shares by way of qualification. There are no provisions requiring Directors to retire at any specified age.

(b) Each Director is entitled to Director's fees of $1,500 per annum. However it is the policy of the Company to obtain a waiver of such fees from any Director who is also a full time employee of Hambro Life Assurance plc or any of its subsidiaries. All Directors have waived their entitlement to fees for 1984.

The Articles of Association provide that the remuneration of the Directors shall be such as may be voted to them by the Company in General Meeting and shall be deemed to accrue from day to day.

(c) Expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company will be paid to the Directors.

(d) In addition to or in substitution for his ordinary remuneration a Director may be granted special remuneration by the Directors in respect of special or extra services to the Company.

(e) A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.

(f) A Director may not vote in respect of any contract or arrangement in which he is interested, nor may he be counted in a quorum except in certain cases as set out in the Articles of Association. The Company, however, has power by ordinary resolution to suspend or relax this restriction or to ratify any transaction not duly authorised by reason of a contravention thereof.

(g) Any Director may act by himself or through his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing contained herein shall authorise a Director or his firm to act as Auditor to the Company.

(h) Any Director may continue to be or become a Director, Manager or other officer or member of any company in which the Company may be interested, and no such Director shall be accountable for any remuneration or other benefits received by him in respect thereof.

6 Managers

The Articles of Association of the Company contain provisions inter alia to the following effect:

(a) the Directors may appoint any person firm or corporation to act as managers of the Company, provided that such person, firm or company is not resident in the United Kingdom. The Directors may delegate any of their powers and duties to such managers other than the power to make calls or forfeit shares, upon such terms and conditions and with such restrictions as they think fit and either collaterally with or to the exclusion of their own powers;

(b) the terms of any new Management Agreement (other than the existing Management Agreement with the Managers) and any variation to any Management Agreement (including the existing Management Agreement with the Managers) are subject to approval by an ordinary resolution of a class meeting of Participating Shareholders but such approval is not required if any new agreement is not materially different from the one currently in force, or where a variation is proposed that Company and Managers certify that such variation is necessary or expedient and that it is not material or prejudicial to the interests of the Participating Shareholders and does not operate to release the Managers from any responsibility to the Company.

7 Custodian

The Articles of Association of the Company contain provisions inter alia to the following effect:

(a) the Directors may appoint any person firm or corporation to act as Custodian provided that such person, firm or corporation is not resident for fiscal purposes in the United Kingdom. The Custodian (or its nominees) shall hold the assets of the Company and perform such other duties as the Directors may (with the agreement of the Custodian and Managers) determine.

(b) the terms of any Custodian Agreement (other than the existing Custodian Agreement with the Custodian) and any variation to any Custodian Agreement (including the existing Custodian Agreement with the Custodian) are subject to approval by an ordinary resolution of a class meeting of Participating Shareholders, but such approval is not required if any new agreement is not materially different from the one currently in force or where a variation is proposed, the Company, the Custodian and the Managers each certify that such variation is expedient or for the benefit of the Participating Shareholders for the time being and that it is not material nor prejudicial to the interests of the Participating Shareholders and does not operate to release the Custodian or the Managers from any responsibility to the Company.

(c) the Custodian is not entitled to retire, whilst there are any issued and outstanding Participating Shares, without a new Custodian being appointed in its place. No Participating Shares are to be created or issued at any time when there is no Custodian.

8 Auditors' Report

The following is the text of a report received from the Fund's Auditors:

30th May 1984

"The Directors,
Allied International Funds Limited

Dear Sirs

Allied International Funds Limited was incorporated under the laws of the Isle of Man on 24 May 1984. As at the date of this letter it has not traded and no accounts have been prepared and no dividends paid.

Yours faithfully

Peat, Marwick, Mitchell & Co Chartered Accountants
Victory House Prospect Hill Isle of Man"

9 Material Contracts

The following contracts have been entered into to date by the Company since its incorporation and are or may be material:

(a) Management Agreement dated 30th May 1984 between the Company and the Managers whereby the latter have been appointed (with powers of sub-delegation) to manage the Company's business, investments and administrative affairs and to distribute and promote the distribution of its Participating Shares including by way of offer for sale, subject to the overall supervision of the Directors, and to act as Secretary to the Company. The agreement allows for the appointment of a third party's services to effect an offer for sale and for the delegation of the Managers functions.

The Manager's remuneration comes from two principal sources:

(i) The Managers are entitled to retain the amount referred to at paragraph 2(b)(v) of this Appendix which is the difference between the proceeds of the Participating Shares sold to the Applicant and the cost to the Managers of those shares.

(ii) A management charge payable monthly at an annual rate of 1% of the net asset value of the Investment Fund plus V.A.T. The Managers are also entitled to be paid an amount equal to the gain accruing to the Company and any commission or charges due to the Managers as a result of the use by individual shareholders of the Currency Conversion Service described above.

The Managers will pay the fees and expenses of the Investment Advisers.

The Agreement provides that the Managers shall be indemnified and exempted from liability not due to their wilful breach of duty or gross negligence. The Agreement may be terminated inter alia at 1 year's notice by either party.

(b) Investment Advisory Agreement dated 30th May 1984 between the Company, the Managers and the Investment Adviser whereby the Managers with the approval of the Company have appointed the Investment Adviser to advise as to the Investment Strategy of the Company. No fees are payable by the Company under this agreement.

(c) Custodian Agreement dated 30th May 1984 between the Company, the Managers and the Custodian whereby the Custodian will provide Custodial Services to the Managers and the Company in consideration of the payment of a fee by the Company calculated on a daily basis and paid monthly at a rate of 0.125 per cent per annum of the first twenty million pounds of the aggregate value of the net assets of the Investment Funds and at a rate of 0.0625 per cent of any balance, the fee so calculated being subject to a minimum of six thousand pounds per annum. The VAT on this fee will be charged to the Company: The Company has also agreed to reimburse the Custodian for all its out-of-pocket expenses incurred in performing its duties under the Custodian Agreement.

(d) Offer for Sale Agreement dated 30th May 1984 between the Company, the Managers and Dunbar & Company Limited ("Dunbar") whereby Dunbar has agreed as agent for the Managers to offer Participating Shares for sale to the public on behalf of the Managers on the terms set out in this Prospectus. Dunbar will be entitled to a fee of £100 per annum from the Managers and reimbursement of its costs and expenses. Under this Agreement the Company will allot Participating Shares to the Managers for sale to the public pursuant to this Prospectus. (No fees are payable by the Company under this agreement.)

10 Miscellaneous

(a) **Preliminary Expenses of the Company**

The preliminary expenses incurred in forming the Company including Manx capital duty, obtaining a quotation or listing of the Participating Shares of the Company on The Stock Exchange, London and expenses otherwise incurred in connection with the initial offer of Participating Shares are estimated to amount to £150,000. These are payable by the Company. Borrowing will be arranged at a commercial rate of interest to provide this amount and repayment will be made out of income and/or capital in such proportions and will be amortised over such period (not exceeding five years) as the Directors shall determine.

(b) **Additional Information**

(i) Borrowings

The Directors may exercise all the powers of the Company to borrow and charge its assets, but shall secure that the aggregate borrowings of the Company and in so far as they are able to secure of its subsidiaries (if any) do not exceed 25 per cent of the value of the total net assets of all the Investment Funds (as calculated in accordance with the Articles of Association) except with the prior consent of the Company in General Meeting. Save as disclosed herein the Company does not have any debentures, loan capital, mortgages, charges, borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptance or acceptances credits, hire purchase commitments or guarantees or other material contingent liabilities.

(ii) The Company has not established, and does not intend to establish a place of business in Great Britain, nor has it carried on any business prior to the date of this Prospectus. The Company has no subsidiaries.

(iii) The Company is not engaged in any litigation or arbitration and the Directors are not aware of any litigation, arbitration or claims pending or threatened against the Company.

(iv) The minimum amount which, in the opinion of the Directors, must be raised in order to provide for the matters referred to in paragraph 4 of the Fourth Schedule to the Companies Act 1948 of Great Britain and also in paragraph (v) of the Fourth Schedule to the Companies Acts 1931-1982 of the Isle of Man is £200,000 (the whole of which must be raised by the Initial Offer) made up as follows:

(a) purchase price of property – Nil.

(b) preliminary expenses – £150,000.

(c) repayment of monies borrowed for the foregoing – Nil.

(d) working capital – £50,000

(v) Peat, Marwick, Mitchell & Co. have given and have not withdrawn their written consent to the issue of this Prospectus with their report included in the form and context in which it is included.

(vi) Save as disclosed in paragraph 9 of this Appendix:

(a) no shares or loan capital of the Company have been or are agreed or proposed to be issued as fully or partly paid up otherwise than for cash.

(b) No commissions, discounts, brokerage or other special terms have been granted or are payable by the Company in connection with the issue or sale of any Capital of the Company.

(c) no share or loan capital of the Company is under option nor agreed conditionally or unconditionally to be put under option.

(vii) There is no property purchased or acquired by the Company or proposed to be purchased or acquired by the Company which is to be paid wholly or partly out of the proceeds of this initial offer or the purchase or acquisition of which has not been completed at the date of the issue of this Prospectus.

Notwithstanding this above however it may be that from time to time properties may be purchased and held as assets of Investment Funds.

(viii) No amount or benefit has been paid or given (or is intended to be paid or given) to any promoter.

(ix) None of the Directors of the Company has an interest in the share capital of the Company which would be required to be shown in the register maintained under the provisions of the Companies Act of 1967 of Great Britain if the Company were subject to the provisions of that Act.

(x) All the Directors are also directors or alternate directors of the Managers and Dunbar International Limited, a subsidiary of Dunbar. Mr Joffe is a director of Allied Unit Trusts Limited. Mr Crellin is a partner of T. W. Cain & Sons, the fee of which firm in connection with the incorporation of the Company, this Prospectus and all matters appurtenant thereto is estimated at £8,000.

Subject as aforesaid, no Director of the Company has any interest direct or indirect, in the promotion of or in any assets which have been or are proposed to be acquired or disposed of by or leased to the Company nor is there any contract or arrangement subsisting at the date of this Prospectus in which a Director is materially interested and which is significant in relation to the business of the Company.

(xi) The provisions of Sections 50 and 51 of the Companies Act 1948 of Great Britain (other than the penal provisions) so far as applicable having regard to Section 419 of that Act, shall apply to the Initial Offer.

(xii) The documents attached to the copy of this Prospectus delivered to the Registrars of Companies in London and in the Isle of Man for registration were the copies of the material contracts described above and the letter of consent from Peat, Marwick, Mitchell & Co. of 30th May 1984.

(xiii) In this Prospectus:

(a) "Dollars" or "$" mean United States dollars and "pounds" or "£" mean pounds sterling.

(b) "Dealing Days" refers to dealing days of the Company and should not be construed as references to Stock Exchange practice.

(c) "UK" means the United Kingdom of Great Britain and Northern Ireland, which excludes the Isle of Man.

(d) Words imparting the masculine gender only shall be deemed to include the feminine.

(xiv) Copies of the following documents will be available for inspection during normal business hours on weekdays (not including Saturdays or Bank Holidays) up to and including 5.00 pm. 4th June 1984 at the offices of Hambro Life Assurance plc, Allied Hambro Centre, Swindon, England, at the offices of Allen & Overy and also at the Registered Offices of the Managers in Douglas, Isle of Man.

(a) The Memorandum and Articles of Association of the Company;

(b) The material contracts described above;

(c) The above mentioned report and consent of Peat, Marwick, Mitchell & Co.; and

(d) The Companies Acts of the Isle of Man 1931-1982.

Allied Hambro Financial Management

Allied International Funds Limited is Managed by Allied Hambro International Fund Managers Limited which is part of the Allied Hambro Financial Management group. This group includes:

- Hambro Life Assurance plc, which in May 1984 together with its subsidiaries managed funds in excess of £2,500 million and, measured by stock market capitalisation, was one of the top 200 listed companies (of all sectors) in Europe and one of the top 100 listed companies in the UK.
- Allied Unit Trust Limited, one of the founders of the unit trust industry in 1934.
- Dunbar & Company Limited, which provides specialised private banking and portfolio management services.
- Companies of the Allied Hambro International group which offer services to clients who need financial services based outside the UK. The Allied Hambro International group includes:

  Dunbar International Limited which extends Dunbar & Company Limited's services to expatriate and international depositors.

  Allied Hambro International Fund Managers Limited, providing management for Allied International Funds Limited and offering Participating Shares for sale through this Prospectus.

31st May, 1984

How to Apply

Application Form

Please complete the Application Form, which is included with this Prospectus. Please note the following points:

- The full name, address, occupation (if not retired), and signature of any applicant (and of all joint applicants) is needed. The Managers can register shares in sole or in joint names but are unable to register more than four joint holders of any one shareholding.
- Corporate Bodies must apply under seal.
- The Managers can recognise only the registered holder(s) of shares.
- All correspondence (including the Share Certificate) will be sent to the applicant at the address shown on the Application Form, and in the case of a joint application to the address of the first-named joint applicant.
- If you wish to take advantage of the Automatic Reinvestment Facility (and the associated discount) please indicate this in the space provided on the Application Form.

Method of Payment

The minimum total amount in respect of one application is $1500 or £1000 (of which not less than $750 or £500 may be invested in any one Investment Fund). The minimum total amount in respect of any one additional Application (available only to existing shareholders) is $750 or £500.

- Bank drafts and cheques should be made payable to Allied Hambro International Fund Managers Limited, and in respect of US dollar payments should be drawn on a Bank in the United States.
- Telegraphic transfers should:

  quote the applicant's full name

  be for the account of Allied Hambro International Fund Managers Limited

  be sent as follows:

Sterling transfers
Williams & Glyn's Bank (I.O.M.) Ltd
Victory House Prospect Hill
Douglas Isle of Man
British Isles
Reference account:
Dunbar International
Number 3 Account

Dollar transfers
Morgan Guaranty Trust Company
23 Wall Street
New York USA

For transfer to:
Williams & Glyn's Bank Plc
(International Division)

Sub account:
Williams & Glyn's Bank (I.O.M.) Ltd
account Dunbar International

Managers' procedures

Upon receipt of a completed Application Form and appropriate Application monies for investment, the Managers will take the following actions:

- allocate shares to the Applicant. Please note that fractions of shares cannot be issued. Consequently the Managers, in calculating the number of shares to be allocated to the Applicant, will round the calculation up or down to the nearest whole share. Any under or over payment resulting from this rounding will be for the account of Managers.
- issue and send to the Applicant a Contract Note accepting the application, and detailing the allocation of shares.
- subsequently despatch the share certificate to the shareholder.

When completed this form together with the remittance should be sent to Allied Hambro International Fund Managers Limited, Allied Hambro International Centre, Prospect Hill, Douglas, Isle of Man, British Isles.
Telephone: Douglas (0624) 29411 Telex: 629784 (ALLINT G)
Registered Office as above. Registered No: 25846.

I/We hereby apply for that number and class of Participating Shares of Allied International Funds Limited ("The Company") which may be purchased at the ruling offer price (as described in Note 1 to this Application Form), with the remittance stated below, subject to the terms of the Memorandum and Articles of Association of the Company and the Prospectus dated 31 May 1984:

Class of Participating Share	Minimum	Remittance
Managed Shares	$750	
Managed Currency Shares	$750	
Worldwide Equity Shares	$750	
North American Growth Shares	$750	
Far East Shares	$750	
Sterling Fixed Interest Shares	£500	

Total Remittance:

Notes:

*Minimum total remittance	$1500 or £1000
*Minimum additional total remittance (available to existing shareholders only)	$ 750 or £ 500

Payment should be made in the currency in which the Participating Shares applied for are dominated unless you wish to make use of the Currency Conversion Service.

I/We enclose a cheque/draft for the above total remittance, payable to Allied Hambro International Fund Managers Limited.

I/We confirm that payment will be made by telegraphic transfer for value on .... (date).

This payment will be made by: .... (Name and Address of Bank)

delete as appropriate

Source of Application Monies

Please tick the appropriate box if this application is a result of an encashment of:
Units of a Unit Trust Managed by Allied Unit Trusts Limited: ☐
An Investment Bond issued by Hambro Life Assurance plc: ☐

Automatic Reinvestment of Dividends

I/We wish dividends to be automatically reinvested in the acquisition of further Participating Shares of the relevant class(es) until further notice

Please tick ....

I/We hereby declare that I am not/none of us is a US Person and that, upon the registration of the Participating Shares hereby applied for in my/our name(s) (or in any other name(s) in which I/we may request registration), no US Person will be interested in such Shares (please see note 1).

I/We hereby request you to place my/our names on the Register of Members of the Company as holder(s) of such of the Participating Shares as are allocated to me/us.

I/We hereby authorise you to send my Share Certificate at my/our risk to the first-named applicant below.

Sole/First Applicant
Title: Mr/Mrs/Miss/Other
Occupation (if not retired)
Name:
Address:

Signature: Date:

Second Applicant
Title: Mr/Mrs/Miss/Other
Occupation (if not retired)
Name:
Address:

Signature: Date:

Third Applicant
Title: Mr/Mrs/Miss/Other
Occupation (if not retired)
Name:
Address:

Signature: Date:

Fourth Applicant
Title: Mr/Mrs/Miss/Other
Occupation (if not retired)
Name:
Address:

Signature: Date:

Notes:

1. US Person means a national, citizen or resident of, or a corporation or partnership organised under the laws of, the United States of America including its possessions, its territories and all areas subject to its jurisdiction.
2. A corporation must execute this Application Form under its Common Seal.
3. If this Application Form is signed by an attorney the Power of Attorney must accompany this Form.

Agent Details
Code: Name:
Branch Code OR Broker Stamp:

ALLIED HAMBRO INTERNATIONAL

F

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Saab's latest model (left) and 1947 version. It has developed only three entirely new models in over 35 years.

Saab: carving out an upmarket niche

Kevin Done explains the significance of the Swedish car company's new model

SAAB, Sweden's high-performance car-maker, has come a long way since it was building eccentrically-shaped two-stroke cars in the early 1950s as a sort of Nordic answer to the Volkswagen Beetle. That first car lived on in various guises for more than 30 years until 1980, but step-by-step during the second half of the 1970s Saab was quietly adopting a radical change of strategy.

"Those who are determined to survive must concentrate their resources," says Sten Wennlo, head of Saab-Scania's car division. "If a manufacturer is small, he must also have a firm strategy, he must be innovative and the work must be backed by a sound business idea, if it is to have any chance of success."

Intensive market studies suggested that Saab's only route to survival was to concentrate on exclusive, well-equipped, high performance cars. It has taken the group nearly 17 years to come up with an entirely new car, developed from scratch. But with the long-awaited launch of the Saab 9000 unveiled in Sweden last week, the group has shown the earnest of its determination to carve out its own niche in the upper echelons of world car markets.

After long, lean years when it seemed to be in loss as often as in profit, Saab realised that its tiny home market would never give it the volumes needed for mass production. Instead it decided to move up-market, steering clear of developing cars in the low and medium price segments, where it would never be able to compete profitably.

"When you have a home market of only 200,000 cars and two manufacturers it would be a catastrophe to try to mass produce cheap cars," says Wennlo. Calculations made at the end of the 1970s showed Saab it would need an output of at least 250,000 units a year to be profitable making a small car.

Even with the backing of a large parent company Saab's resources for meeting the costs of a new model development programme were limited, but it does have a reputation for managing to get by on a shoestring.

Saab is "a specialist in cheap development," insists Wennlo, "we manage at very low costs compared with a lot of other car manufacturers." As a small manufacturer Saab seeks to develop its own distinct profile, but it achieves the economies of mass production by purchasing many of its components from others.

Investment in the development of the Saab 9000 has totalled close to SKr 2bn (£177.6m). One of the keys to keeping costs down to this level lay in the close technical co-operation Saab has followed with Fiat Lancia of Italy. Joint development, especially in the early stages of making the basic calculations for the new model, building prototypes and developing and testing certain components, has saved both Saab and Lancia time and money. Around 2m hours went into developing the new car and of this 1m hours involved joint work with Lancia. At least a year was saved in getting the cars into production.

After Saab management had vetoed proposals for a merger with Volvo in 1977 the hunt began for a partner in Europe. "We preferred to establish collaboration with international manufacturers, instead," says Wennlo. "I understood that the future lay in co-operation between car manufacturers, but I did not believe that it had to be a merger or a sale of part of the equity. But co-operation is one way for Europe to meet Japanese competition."

Saab discovered that Lancia was also planning a new model for introduction around 1985. "They were thinking of the same size of car for the same group of buyers," says Wennlo.

The technical co-operation was signed in 1979. Saab was wary of being the "little brother" in the co-operation, but the calibre of Saab's engineers ensured that Lancia could also learn from its Nordic partner, especially in areas such as climate systems, structural strength and rust-proofing techniques.

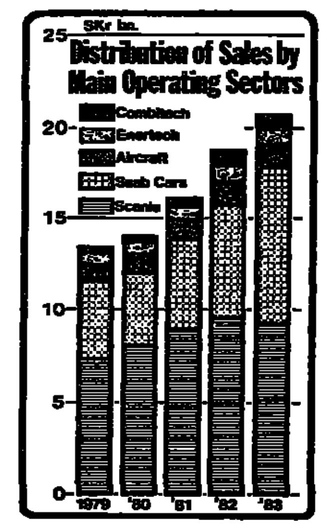
Astonishingly, the Saab 9000 is only the company's third entirely new model development in more than 35 years of car-making.

The advantage of co-operating with Fiat-Lancia lay in being able to draw on the resources of a company well-versed in large project planning, that had established routines for developing new models at least every other year together with the test facilities such as wind tunnels to match. "It meant that both sides did not need to start from scratch in every area; we could reject ideas or options at a much earlier stage," says another Saab executive. "And we doubled our technical staff without adding extra people."

That point was important for Saab. Introducing an entirely new model only once every 15 to 20 years means that it cannot afford to maintain permanently the sort of technical staff needed to develop a new car. The same staff was used for the new car that was already working on the further development of the existing 99 and 900 series. "We have avoided the fancy trimmings of development work," says an executive close to the project.

Lancia is expected to introduce its own new model for the luxury car market later this year, but Saab's car chief insists that the two products will have wholly separate identities, despite some inevitable similarities.

The nature of the co-operation changed as the ideas of the two groups crystallised, and in the final analysis the two new cars will have only 13 common components, chiefly some of the steel pressings in the front body structure, the floor pan and the doors. It was never a question of making the same car under different names and the two car makers began emphatically to go their own way when Lancia opted not to aim at the U.S. market.



For Saab the U.S. is of vital importance and the 9,000 has been engineered particularly with the U.S. market in mind to meet local crash and emission regulations.

At the same time that it has been investing heavily in product development Saab has also been paying for the entry ticket to world car markets with the creation of an international dealer network.

It has been a late starter and it was only the advent of its turbo engine in the second half of the 1970s that gave it a product with which it could start to compete in the luxury car market. The turbo-charged petrol engine flew in the face of accepted motor industry wisdom and was met with wry scepticism by most of Saab's rivals. But they have since learned the error of their ways. The turbo image has become an extraordinary marketing success adorning everything from after-shave to vacuum cleaners.

Saab cars hardly appeared at all on export markets in the early days and when it did try to move outside the Nordic region in the early 1970s its efforts were frustrated by the first oil crisis in 1973-74. "The next time we went to Europe, the Japanese were there," says Wennlo, "and all the importers were only interested in selling Japanese cars. We had to go home again."

Since the beginning of the 1980s Saab's fortunes have finally started looking up, however, and its image as the originator of the turbo engine has given it a weapon with which to attack foreign markets.

It is single-mindedly going after the "upper-medium class" that is dominated by the West Germans' Mercedes-Benz, BMW and Audi, as well as its domestic rival Volvo. World sales in this segment total around 2m cars a year and it has proved virtually impervious to fluctuations in the world economy.

As the dealership network has expanded so have sales with Saab car output jumping from 65,800 in 1980 to 96,000 last year. By February annual capacity had been expanded to 105,000 units and it should be up to 120,000 a year by the end of 1984. "We have to come as quickly as possible to 135,000 units a year and then 150,000," says Wennlo, "but all the time it is a question of production costs." Some SKr 3bn has been invested in product development and new plant and equipment in the four years to the end of 1984, and Saab is spending heavily on flexible automation with the installation of around 80 robots.

Around 70 per cent of output is exported and the U.S. is now Saab's single largest market with sales there jumping by 42 per cent last year to 26,400 units and 39 per cent in the first quarter of 1984. The dealership network has been strengthened, particularly on the west coast and in the Sun-Belt. The roomy interior of the new 9000 model means it is classified as a "large car" in the U.S. which Saab hopes will give it a marked advantage over its main European rivals.

Saab has a clear picture of its potential customer. He wears labels on the outside of his suit and has a liking for Gucci shoes. Says Wennlo: "Our endeavour is to appeal to the 40-year-old professional who is on the crest of his career—a man with an unconventional life-style, who wishes to demonstrate his success without boasting. He often has a woman by his side who affects his decision. They are sporty, intelligent people who make strict demands on all things in life."

With its new model developing 175 hp and with a top speed of more than 220 kms per hour, Saab is about to find out just how well-equipped it is for life in the fast lane.

Growing financial strength

AFTER several years of intensive restructuring and heavy investments Saab-Scania, the Swedish automobile and aerospace group, has emerged as the country's most profitable engineering corporation.

It has concentrated its resources in certain key market sectors—abandoning some activities such as computers in the process—and has devoted its efforts towards improving its financial strength, while at the same time pushing out aggressively into international markets. Foreign sales have jumped from 45 per cent in 1977 to 59 per cent last year.

In contrast to Volvo, its big domestic rival which has been diversifying into energy and food processing in order to change its risk profile, Saab-Scania has concentrated on its existing activities, searching for future growth particularly in the wide-ranging high-technology spin-offs from its military aircraft operations.

Its activities have an unusual breadth, ranging from cars, heavy trucks and buses, to military and civil aircraft, space satellites and missiles.

It enjoyed a record year in 1983 and profits are expected to show a further big jump during 1984. Profits rose by 46 per cent last year and have shown an average growth of 40 per cent a year in the last five years.

Saab-Scania is currently investing as much as 8 per cent of sales in research and development—a level rivalled in Sweden only by high technology companies such as L. M. Ericsson. Over the last five years it has spent SKr 5.3bn on R and D and a further SKr 4.4bn in capital investment and the results are now beginning to show through in an impressive series of new products.

Apart from the unveiling of its new car range—its biggest single investment to date at around SKr 2bn—Saab-Scania will also begin delivery in the next few weeks of its new short-haul civil airliner, the Saab-Fairchild 340. Developed in a 50/50 joint venture with Fairchild of the U.S., the aeroplane is Saab's first civilian air project since the early 1950s.

Business Travel

WITH AN eye to the conference and incentive market the French National Tourist Office has produced a booklet listing 210 "small pleasant secluded hotels, chateaux, manor houses, converted mills" all less than 150 miles from either the Channel ports or an international airport with direct flights from the UK. They range from de luxe to two star properties. It is very much a business list, full of meeting room details and other information in a dry form—a working document, of no use to the holidaymaker who should turn instead to the Logis or Relais guides. French National Tourist Office, Conference and Incentive Department, 178 Piccadilly, London W1.

●

THE Park Lane Hotel in London has refurbished a further 14 of its suites, all overlooking Green Park. There are now 30 such suites including a twin bedroom and a separate sitting room. The rooms cost £110 a night. "These prettily decorated suites," says the hotel demurely, "are ideal for the lady executive who does not wish to conduct meetings in her hotel bedroom."

●

FOR SOME years now many major airlines have been offering a helicopter service into Manhattan from JFK using New York Helicopter. The flight is free for First and Business Class passengers. Now New York Helicopter has introduced a second service. Passengers can choose between the World Trade Center Heliport and the Heliport at East 34th Street. New York Helicopters has a London office at 25 Bedford Square, WCI (01-637 7961).

●

MARRIOTT Corporation has bought the Hotel Prince de Galles in Paris from Grand Metropolitan / Intercontinental Hotels. The 160-room hotel, which is on the Avenue Georges V, will be upgraded and Marriott is promising to make it "one of the leading de luxe hotels in Europe." Marriott's presence in Europe is rapidly growing. By next year, when its building in Vienna is finished, it will have five compared with one a year ago.

Arthur Sandles

Contracts and Tenders

Legal Notices

No. 002355 of 1984
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
BISGOOD, BISHOP & CO. LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that a Petition was on the 11th day of May 1984 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the reduction of the capital of the above-named Company from £700,000 to £246,944. The said Scheme of Arrangement provides that the amount by which the capital of the Company is proposed to be reduced is to be applied in paying up shares of the Company to a like amount.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr Justice Vinelott at the Royal Courts of Justice, Strand, London, on Monday the 11th day of June 1984.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 24th day of June 1984.
LINKLATERS & PAINES (A.Rob),
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.
Solicitors for the Company.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday June 1 1984

Dingo bonds make debut in Sydney, Page 44

WALL STREET

Indicators give calming influence

A CALMER mood emerged on Wall Street yesterday after the excitement of the previous session, *writes Terry Byland in New York.*

The announcement of a smaller-than-expected rise in the leading U.S. economic indicators brought a smart upturn in bond prices. But the same factor discouraged the stock market which found difficulty in extending early gains.

At the close the Dow Jones Industrial average was up 2.26 at 1,104.85.

The increase of only 0.5 per cent in economic indicators for April was slightly below market predictions, and was taken as a welcome indication that the U.S. economy is slowing down from its hectic advance. A drop of 3.6 per cent in factory orders and a gain of only 1 per cent in construction starts provided further hope that a slacker economic pace will reduce the need for further tightening of credit policies by the Federal Reserve.

However, a major test of the market mood came late in the session, with the announcement of a $3.3bn rise in M1 money supply. Today brings the latest unemployment figures, another portent of the economic outlook.

The stock market remained apprehensive after the sell-off and rapid recovery experienced in the previous session. There were several attempts at a buying rally, with the Dow 1100-mark again proving a resistance level.

Turnover remained strong and there was broad-based support among the second-line issues.

In the bond market, gains quickly ranged to around one point. Encouraging traders was a relatively successful outcome to the auction of $6.25bn in five-year notes at the close of Wednesday's session.

Although the auction set a yield of 13.93 per cent, the highest on such notes since early 1982. The auction "tail" – the spread between highest and lowest bids – brought signs, at last, of some retail interest.

Trading in the half hour after the auction saw the yield on new notes dip to 13.86 per cent, and a further rise in the notes yesterday morning took the yield down to 13.71 per cent.

This was good news for the bond market after its brush with 14 per cent yields on long dated issues. Retail interest remained almost non-existent but traders were in a more optimistic mood. The yield on the key long bond dipped by about 10 basis points to around 13.80 per cent, and other long dated issues followed suit. Short-term rates also slackened, and the Fed helped by announcing system repurchases.

One cause for continued nervousness in the stock market was the meeting in New York of the Argentine Debt Advisory Committee.

Among the U.S. banks involved, Citi Corp dipped $⅝ to $29⅝ and Manufacturers Hanover $1⅛ to $26⅜, after $26¼ earlier.

As moves to find a suitable merger partner continued, Continental Illinois slid $1⅛ to a new low of $5⅝. American Express, at $26¼ recovered $⅝ of their fall.

But a strong feature of the financials sector was Phibro Salomon, which jumped by $1⅜ to $24¼ after a brief announcement that it has abandoned proposals to sell the Phibro commodity dealing side.

IBM again helped to steady the market, edging up $½ to $108 in active turnover as the board put new proposals to the European Economic Community on the anti-trust dispute.

Oil stocks refused to be unsettled by Iran's hints of a cut in crude prices. Exxon, however, eased $½ to $39⅜. Standard Indiana at $57 shed $½.

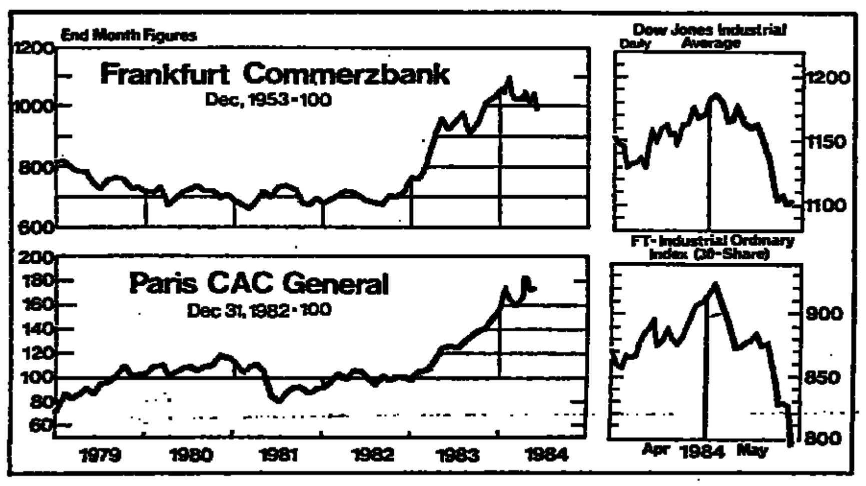
Motor stocks, led by General Motors, $⅛ higher at $62¾, joined in a mid-session improvement. R. J. Reynolds, number two in the U.S. cigarette market, edged ahead again by $½ to 57¼ as the market awaited further news on the proposed sale of Aminoil.

Dart Kraft, the Tupperware-to-processed cheese group, headed the active list after the group bought in 2.2m of its own stock – the price slipped by $⅝ to $74¼. Dart has now bought in about 4m of its planned repurchase of 5m of its common shares.

Among the bid prospects, Walt Disney edged up $¼ to $63¼ despite Wall Street suggestions that Mr Saul Steinberg may sell his stake and back away from his threatened proxy fight.

Revlon, the cosmetics group, gained $1⅜ to $37½ after the board admitted that an investor group was planning a leveraged buyout. No bid price was mooted but some market sources hinted at a proposed $50 a share deal.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 31	Previous	Year ago
DJ Industrials	1104.85	1102.59	1199.98
DJ Transport	467.08	464.40	539.05
DJ Utilities	122.69	122.69	130.12
S&P Composite	149.98*	151.43	162.39
LONDON			
FT Ind Ord	796.9	803.4	698.7
FT-SE 100	1021.0	1026.6	951.5
FT-A All-share	477.21	482.21	432.25
FT-A 500	521.64	527.03	470.95
FT Gold mines	681.3	672.2	592.7
FT-A Long gilt	10.87	10.92	10.26
TOKYO			
Nikkei-Dow	9,940.14	10,140.97	8617.57
Tokyo SE	775.3	790.74	636.84
AUSTRALIA			
All Ord.	654.8	668.7	618.6
Metals & Mins.	429.7	441.8	555.8
AUSTRIA			
Credit Aktien	closed	54.69	58.04
BELGIUM			
Belgian SE	closed	149.63	120.87
CANADA		Previous	Yr ago
Toronto			
Metals & Minls	1957.9*	1948.28	—
Composite	2226.6*	2221.64	2420.6
Montreal			
Portfolio	108.26*	108.11	122.41
DENMARK			
Copenhagen SE	closed	179.78	144.3
FRANCE			
CAC Gen	closed	173.0	126.0
Ind. Tendance	closed	107.8	77.5
WEST GERMANY			
FAZ-Aktien	closed	339.88	303.84
Commerzbank	closed	988.9	906.2
HONG KONG			
Hang Seng	915.3	928.6	918.59
ITALY			
Banca Comm.	206.43	207.19	192.21
NETHERLANDS			
ANP-CBS Gen	closed	153.8	126.4
ANP-CBS Ind	closed	123.8	102.7
NORWAY			
Oslo SE	closed	273.62	184.44
SINGAPORE			
Straits Times	950.67	954.44	937.84
SOUTH AFRICA			
Golds	closed	1044.7	877.5
Industrials	closed	1051.4	951.2
SPAIN			
Madrid SE	119.08	119.71	116.78
SWEDEN			
J&P	closed	1416.62	1385.92
SWITZERLAND			
Swiss Bank Ind	closed	359.3	320.3
WORLD	May 30	Prev	Year ago
Capital Int'l	174.7	175.2	177.1

GOLD (per ounce)

	May 31	Prev
London	$384.75	$385.50
Frankfurt	closed	$386.50
Zurich	closed	$386.75
Paris (fixing)	closed	$385.44
Luxembourg (fixing)	closed	$384.50
New York (June)	$386.80	$384.50

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR May 31	U.S. DOLLAR Previous	STERLING May 31	STERLING Previous
$	–	–	1.3855	1.385
DM	2.732	2.734	3.7875	3.79
Yen	231.55	231.4	321	320.75
FFr	8.387	8.3975	11.62	11.6275
SwFr	2.26	2.2615	3.1325	3.135
Guilder	3.081	3.0815	4.27	4.27
Lira	1689	1689.0	2339.5	2338.5
BFr	55.71	55.76	77.2	77.2
C$	1.29425	1.29425	1.793	1.792

INTEREST RATES

	May 31	Prev
Euro-currencies (3-month offered rate)		
£	10	9⅞
SwFr	4¹¹⁄₁₆	4¾
DM	6⅜	6¹⁄₁₆
FFr	13½	13½
FT London Interbank fixing (offered rate)		
3-month U.S.$	11⅞	11¾
6-month U.S.$	12¼	12⅛
U.S. Fed Funds	10⅝*	10⅝
U.S. 3-month CDs	11.35*	11.30
U.S. 3-month T-bills	9.71*	9.71

U.S. BONDS

Treasury	May 31 Price	May 31 Yield	Prev Price	Prev Yield
12⅝ 1986	99¹¹⁄₃₂	12.97	[illegible]	13.01
12⅝ 1991	93²³⁄₃₂	13.83	[illegible]	13.92
13¼ 1994	95[illegible]	13.90	95[illegible]	13.98
13¼ 2014	95[illegible]	13.83	95[illegible]	13.95
Corporate	**May 31***		**Prev**	
AT&T	Price	Yield	Price	Yield
10⅜ June 1990	85⅝	13.65	86⅝	13.65
3⅞ July 1990	70	10.65	69⅞	10.70
8⅝ May 2000	65⅝	14.32	66⅛	14.05
Xerox				
10⅞ March 1993	82⅞	14.20	82⅞	14.20*
Diamond Shamrock				
10⅞ May 1993	81⅞	14.40	81⅞	14.40
Federated Dept Stores				
10⅞ May 2013	74⅞	13.45	76	14.05
Abbot Lab				
11.80 Feb 2013	83	14.25	84⅞	14.00
Alcoa				
12¼ Dec 2012	84⅞	14.50	85⅞	14.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	60-07	60-19	60-02	59-31
U.S. Treasury Bills (IMM) $1m points of 100%				
June	90.22	90.28	90.19	90.18
Certificates of Deposit (IMM) $1m points of 100%				
June	88.47	88.50	88.41	88.40
LONDON				
Three-month Eurodollar $1m points of 100%				
June	88.35	88.35	88.27	88.31
20-year Notional Gilt £50,000 32nds of 100%				
June	102-28	102-28	101-25	101-27

COMMODITIES

(London)	May 31	Prev
Silver (spot fixing)	659.25p	662.30p
Copper (cash)	£1018.00	£1025.25
Coffee (May)	£2296.00	£2306.00
Oil (spot Arabian light)	$28.50	$28.50

LONDON

Debt fears cast their shadows

NERVOUS SELLING continued in London yesterday as increasing fears about the international debt problems cast another shadow over trading.

Unfounded reports that Argentina had defaulted on its debt repayments eroded confidence mid-way through the session and triggered another bout of selling among blue chip issues.

Reflecting the sudden change in the market's mood, the FT Industrial Ordinary index, after edging higher during the morning, fell a sharp 17.1 at one stage during the afternoon before recovering to close 6.5 lower at 796.9. This is the first time the index has been below the 800 barrier since mid-January.

Clearing banks sustained heavy falls, while widespread and sometimes substantial losses were recorded throughout industrial sectors.

Long-dated stocks settled with gains ranging to $⅝ and occasionally more, while the shorts improved around ⅛. The Government Securities index gained 0.21 to 78.07.

Chief price changes, Page 36; Details, Page 37; Share information service, Page 38–39

HONG KONG

A CONTINUED lack of buying interest left shares lower again in Hong Kong. The Hang Seng index shed 13.30 to 915.30.

A round of profit-taking took Swire Pacific "A" down 50 cents to HK$15.80, while Cheung Kong and China Light each eased 10 cents to HK$8.25 and HK$11.30 respectively.

Hongkong Land fell 8 cents to HK$2.92, Hongkong Bank 10 cents to HK$ and Jardine Matheson 15 cents to HK$8.95.

Hongkong Telephone, however, went against the trend adding HK$1 to HK$42.

SINGAPORE

HESITATION dominated Singapore yesterday as stocks closed marginally lower in quiet trading. However, market observers took heart in its relative steadiness in the face of heavy losses on several international exchanges.

Turnover was a lacklustre 5.8m shares, slightly ahead of Wednesday's figure. The Straits Times index eased 3.77 to 950.67.

The most active stock was Oversea Chinese Bank which closed 10 cents lower at S$10.20 on a turnover of 669,000 units. Promet was again heavily traded and closed down 9 cents to S$2.65.

In other sectors, Singapore Land slipped 13 cents to S$4.20 and Lien Hoe 10 cents to S$7.20. Improved results from Veneer Products pushed the company's shares 3 cents higher to S$1.92.

CANADA

A BROADLY firmer trend was sustained in Toronto with the best improvements seen in pipeline and industrial products issues. Base metals and minerals also advanced but the gold and oil and gas sectors were easier.

A similar marginal improvement was seen in Montreal, with industrials and banks moving higher but utilities easing.

MILAN

Looking forward to a fillip

AFTER a burst of activity during the first few weeks of the year, the Milan bourse has rather run out of steam, *writes Alan Friedman in Milan.*

Gone is the heavy buying which saw the Banca Commerciale Italiana index climb 18 per cent in the first four weeks of January. Gone too is the optimism about the world's U.S.-led economic recovery which contributed to Milan's January rally.

Milan's present lacklustre performance, however, is not necessarily worrying. Earlier in the year, with the stimulus of the Olivetti-American Telephone and Telegraph deal to guide them, investors piled into industrial stocks. But in the past few weeks, with international tensions rising steadily and fears about the ability to sustain the economic recovery, Milan has slackened off. Even the star performers – Fiat, Olivetti, Assicurazioni generali and such – appear to be in repose for the time being.

European bourses closed for Ascension Day holidays included Frankfurt, Brussels, Paris, Amsterdam, Stockholm and Zurich. Johannesburg was also closed.

In Milan which did trade, shares fell back amid uncertainties over international financial tensions and end-month book squaring while Madrid resumed its downturn.

The Banca Commerciale index, which shot from its early January opening of 194 to nearly 229 four weeks later, stood yesterday at just above 206.

Indeed, uncertainty about the Craxi Government and the forthcoming European elections mean that in a market generally characterised by the dearth of small investors anyway, there is now hardly a private investor in sight.

Institutions have always ruled in Milan, and this is one of the problems. The big banks and insurance companies account for well over half of all trades. What is more startling for the outsider is to realise that some 80 per cent of trades take place away from "the official market".

The Milan bourse, rather unfortunately, has suffered from some of the excesses of insider dealing and this has occurred in a market whose total share capitalisation is one tenth the size of London, which has a market capitalisation of over $200bn.

There are, however, a few major developments in the wings which should provide a fillip for the Milan bourse in the second half of this year. The biggest new development, predictably enough, will come from Italy's first family of commerce, the Agnellis of Fiat fame.

Fiat, which recently announced a six-fold increase in its capital, is planning a major rights issue in the autumn. This should mean a bourse issue worth L760bn ($459m), the largest in Italian history. After the Agnelli family, through its Ifi holding company, takes up its rights, there still should be a sizeable portion of shares for sale.

The final development which could help the bourse to mature is the flotation of a number of state holding companies from the IRI and ENI stables. Prof Romano Prodi, president of IRI, said recently the group was ready to privatise partly 13 companies.

Even sooner, however, the bourse should see up to 20 per cent of the successful Saipem oil and gas pipelaying and drilling company on sale. ENI, the state energy group, is working with Euromobiliare, the Milanese investment banking company, to bring Saipem to market shortly, possibly within the next fortnight.

AUSTRALIA

SELLERS again took control of trading in Sydney yesterday. The combined impact of selling from local and international investors pushed share prices to a 10-month low.

Falls outnumbered rises by six-to-one on an increased turnover of 12.4m shares. The key market indicator, the All-Ordinaries index, fell 13.8 to 654.9 – the third successive decline.

Since the market entered this intensified bearish phase at the beginning of May, the index has lost more than 100 with a resultant decline of A$9bn in the market's capitalisation, currently standing at A$52bn.

BHP led the miners lower, falling 22 cents to A$9.58, while CSR slipped 8 cents to A$2.95, Peko 10 cents to A$4.35, MIM 12 cents to A$2.70 and WMC 11 cents to A$3.15.

TOKYO

Sharp fall as barrier is broken

A WAVE of small-lot selling, triggered by investor concern over a possible international debt crisis, sent share prices sharply lower in Tokyo yesterday, with the Nikkei-Dow market average tumbling below 10,000 for the first time since March 9, *writes Shigeo Nishiwaki of Jiji Press.*

The 225 select issues shed 200.83 points from the previous day to 9,940.14, the ninth biggest drop ever. Declines outpaced advances by 584 to 112, with 136 issues unchanged. Volume totalled 226.34m shares compared with 220.31m the previous day.

Reports that Bolivia had temporarily suspended repayment of foreign bank loans and the overnight fall in London added to investor anxiety which has persisted since the market entered the bear phase soon after the index hit an all time high of 11,190.17 on May 4.

When the market indicator was about to fall below 10,000, two major investment trust companies placed buy orders for a total of 2m to 2.5m shares. But this did not check the market downswing.

Major securities companies were uncertain about how far the market would slide in the immediate future because of a series of unfavourable factors.

Very high-priced stocks suffered sizeable falls. Nippon Television Network plunged Y900 to Y11,100, Fanuc Y310 to Y8,050 and TDK Y280 to Y4,820.

Blue chips also lost ground on a wide front, with Hitachi losing Y22 to Y825 and Matsushita Electric Industrial Y50 to Y1,670.

Against this bearish background, some incentive-backed and speculative issues attracted strong buying interest. Kuraray was the most active stock with 21.68m shares changing hands, scoring a day's limit gain of Y80 to Y550 on rumours that it had developed an anti-cancer drug. The company's statement that it is still at the first stage of research did nothing to quench investor enthusiasm for the issue.

The bond market was inactive against growing investor concern about rising U.S. interest rates. The yield on the benchmark 7.5 per cent long-term government bond, maturing in January 1993, edged up to 7.620 per cent from the previous day's 7.610 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅝	13¼	AAR	.44	2.3	20	63	19⅞	19½	19½	
53	31½	ACF	1.40	2.7	142	456	52⅝	52⅛	52⅝	+¼
18⅞	13⅛	AMF	.50	3.3		290	15	14¾	15	+⅛
51	49⅝	AMF	pf1.75a	3.5		2	50⅜	50⅜	50⅜	−⅛
41¼	25⅛	AMRCp			5	2399	31¼	31⅛	31½	
20⅛	17½	ANR	pf2.18	11		41	20	19⅞	19⅞	−⅛
41½	28⅝	AMR	pf2.13	6.3		106	33⅞	33	33½	−¼
26⅛	23	ANR	pf2.67	11		10	23½	23¼	23½	+¼
23⅛	18½	ANR	pf2.12	10.		4	20⅛	20⅛	20⅛	−¼
16¼	8⅝	APL			4	212	11⅞	11	11⅞	+1⅛
55¼	40¼	ARA	2.10	4.7	9	311	44⅝	42⅞	44¼	+1½
73¼	50¼	ASA	3a	4.8		230	62¼	60¼	61⅞	+⅞
33¼	17	AVX	s .32	1.5	16	108	20¼	20	20¼	+½
50⅝	38⅛	AbtLab	1.20	3.0	13	1492	40	38¾	39½	+¼
30¼	23¼	AccoWd	.60	2.3	16	72	26⅛	25¼	26	+¼
27½	18½	AcmeC	.40	2.2		41	18⅞	18½	18½	−¼
13	8½	AcmeE	.32b	3.8	24	22	8¼	8½	8½	−⅛
24⅞	11	AdmDg	.04	.3	7	35	12⅛	12¼	12¼	−⅛
18¼	15⅛	AdaEx	2.11e	14		30	15⅝	15⅛	15⅝	+½
19⅛	11¼	AdmMl	.28	1.7	8	7	17	16¾	16⅞	−⅛
22	13½	AdvSys	.81t	5.2	15	48	15½	15⅛	15½	+½
18½	8¼	Advest	.12	1.4	11	49	8⅝	8⅝	8¼	+¼
37½	24⅛	AMD	s		24	2798	32	30¼	31⅝	+⅛
24⅛	9⅞	Aerflx	s		10	682	10¼	9¾	10⅛	+⅛
42⅞	30½	AetnLf	2.64	8.6	16	1019	30⅞	d30⅛	30⅝	−⅛
35⅞	15¼	Ahmns	1.20	7.0	4	2022	17¼	16¼	17¼	+⅞
7½	3⅛	Aileen				18	3⅛	3¼	3⅛	+⅛
51	36½	AirPrd	1	2.5	10	271	40⅞	40	40¼	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5⅞	5½	Wurltzr			13	22	6	5¾	5¾	−⅛
25⅜	13¾	WyleLb	.32	2.3	10	82	14	13⅝	13⅝	−⅛
22¼	16½	Wynns	.60	3.4	10	35	17⅝	17½	17⅝	+⅛
		X-Y-Z								
52⅛	36¼	Xerox	3	8.1	9	983	37⅛	36¾	37⅛	+⅛
51⅞	45¾	Xerox	pf5.45	12.		878	46	d45⅝	46	+¼
34	24	ZaleCp	1.26	4.8	9	29	26¾	25½	26¼	+1
24⅞	15½	Zapata	.84	3.9	13	339	21⅞	21⅝	21⅞	+¼
47½	28¾	Zayre	s .40b	1.2	10	383	34	33⅞	33⅞	
36½	21⅝	ZenithE			10	1124	25⅜	24¾	25⅜	−¼
27⅝	18	Zero	s .36	1.9	15	13	18¾	18⅛	18¾	+½
37⅞	21⅛	Zurnin	1.32	6.0	12	107	22½	22	22	−½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May. 30	Price Sch%	+ or —
Creditanstalt	210	—1
Goesser	330	......
Interunfall	407	......
Laenderbank	203	......
Perlmooser	360	+1
Steyr-Dimlera	145	......
Veitscher Mag	216	+1

BELGIUM/LUXEMBOURG

May 30	Price Frs.	+ or —
ARBED	1,600	—5
Banq Int A Lux	6,000	......
Bekaert B	4,080	—20
Ciment CBR	2,420	—55
Cockerill	308	+4
Delhaize	4,800	+60
EBES	2,470	—5
Electrobel	7,050	—60
Fabrique Nat	1,950	—10
GB Inno BM	3,110	+10
GBL (Brux)	2,300	—40
Gevaert	3,290	......
Hoboken	5,400	—50
Intercom	1,865	—15
Kredietbank	7,320	+20
Pan Hldgs	9,850	—150
Petrofina	6,970	—120
Royale Belge	9,470	+20
Soc. Gen. Banq	3,060	—90
Soc. Gen. Belge	1,740	—30
Sofina	6,070	—50
Solvay	4,110	—40
Tractionel	37,25	—95
UCB	4,660	—40
Vieille Mont	3,940	+20

DENMARK

May 30	Price Knr %	+ or —
Aarhus Olie	380	......
Andelsbanken	224	+2
Baltic Skand	650	+15
CopHandelsbank	233	+1
[illegible]		

FRANCE

[illegible]

GERMANY

May 30	Price Dm.	+ or —
AEG-Telef	93.5	—1.8
Allianz Vers	750	—11
BASF	161	—2.8
Bayer	164.8	—3.8
Bayer-Hypo	287	—2
Bayer-Verein	316	—0.5
BHF-Bank	280	—5
BMW	377	—6
Brown Boveri	209	—1
Commerzbank	153	—9.3
Cont'l. Gummi	123	—2.4
Daimler-Benz	569	—9.5
Degussa	373	—5.5
D'sche Babcoc	153	—0.2
Deutsche Bank	341.6	—12.4
Dresdner Bankk	154.5	—5
GHH	144	—4
Hochtief	529	+9
Hoechst	171	—3.3
Hoesch Werke	112.5	—3
Holzmann (P)	418	—6
Horten	194	—1
Kali und Salz	196.5	—7.5
Karstadt	252	—6
Kaufhof	225.5	—5.7
KHD	243	—4
Kloeckner	59.1	—1.1
Krupp	77.6	—0.5
Linde	357	—6.5
Lufthansa	134	—3.5
MAN	145.1	—1.9
Mannesmann	140	—2.5
Mercedes Hld	481	—11
Metallgesell	230	—10
Muench Rueck	1,010	+5
Preussag	263	—3
Rhein West Elect	161	—1.3
Rosenthal	228	—3
Schering	330.5	—4.5
Siemens	380.5	—7.8
Thyssen	82.7	—1.6
Varta	174.5	—3.5
Veba	164.2	—3.4
V.E.W	119.6	—0.4
Verein-West	297	—3
Volkswagen	185.9	—5.6

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

May. 31	Price Aust. $	+ or —
Gen Prop Trust	1.96	—0.02
Hardie (J.)	3.02	—0.05
Hartogen Energy	2.25	—0.2
HeraldW'yTimes	3.1	—0.02
ICI Aust	1.85	......
Jimb'lana(50cFP	0.24	......
Kia Ora Gold	0.15	......
Lend Lease	4.45	—0.1
MIM	2.7	—0.12
Mayne Nickless	3.18	......
Meekatharra	0.57	+0.06
Myer Emp	1.65	—0.04
Nat. Com. Bk	3.1	—0.06
News	8	—0.5
Nicholas Kiwi	2.5	......
North Bkn Hill	2.18	—0.07
Oakbridge	0.83	—0.05
Otter Expl	0.56	+0.01
Pancont'l	1.15	—0.02
Pioneer Conc	1.31	—0.04
Queensland Coal	0.97	—0.03
Reckitt & Coln	2.6	......
Repco	1.05	—0.05
Santos	5.54	—0.04
Smith (H.)	3.35	—0.06
Southland Min'g	0.34	......
Spargos Expl	0.33	......
Thos. Natwide	1.58	—0.04
Tooth	5.3	......
Vamgas	2.65	—0.05
Western Mining	3.15	—0.11
Westpac	3.56	—0.08
Woodside Petrol	0.99	—0.03
Woolworths	2.2	......
Wormald Intl	2.7	—0.2

HONG KONG

May. 31	Price H.K.$	+ or —
Bank East Asia	21.5	+0.7
Cheung Kong	8.25	—0.1
China Light	11.3	—0.1
Hang Lung Devel	2.35	......
Hang Seng Bank	33.5	—0.75
HK Electric	5.4	......
HK Kowloon Wh	3.6	—0.02
HK Land	2.92	—0.08
HK Shanghai Bk	6.15	—0.1
HK Telephone	42	+1
Hutchison Wpa	11.4xa	......
Jardine Math	8.98	—0.15
New World Dev	3.02	—0.05
Orient O'seas	2.4	......
O'seas Trust Bk	2.9	+0.05
SHK Props	5.25	—0.05
Swire Pac A	15.8	—0.5
Wheel'k Mard A	3.15	—0.02
Wheel'k M'time	1.9	......
World Int. Hldgs	1.91	—0.01

JAPAN

May. 31	Price Yen	+ or —
Ajinomoto	1,090	—40
Alps Electric	2,060	—70
Amada	1,070	—70
Asahi Chem	550	—16
Asahi Glass	695	—7
Bridgestone	560	—10
Canon	1,160	—40
Casio Comp	1,220	—30
Chugai Pharm	996	—11
Citizen	481	—20
Daiei	675	+1
Dai Nippon Ptg	889	—31
Daiwa House	459	+9
Ebara	315	—1
Eisai	1,000	—30
Fanuc	8,050	—310
Fuji Bank	850	—39
Fuji Film	1,540	—30
Fujisawa	837	—22
Fujitsu	1,150	—60
Green Cross	1,670	—30
Hasegawa	374	—1
Heiwa Real Est	554	—16
Hitachi	825	—22
Hitachi Credit	1,460	—100
Honda	1,080	—30
House Food	752	......
Hoya	1,720	—140
Itoh (C)	297	—7
Ito Yokado	1 780	—20
Iwatsu	1,600	—90
JACCS	340	—5
JAL	3,460	—30
Jusco	801	—13
Kajima	285	—5
Kao Soap	725	......
Kashiyama	618	—1
Kirin	550	—11
Kokuyo	990	—20
Komatsu	469	—1
Konishiroku	580	—19
Kubota	310	......
Kumagai	440	......
Kyoto Ceramic	5,620	—170
Maeda Const	488	—2
Makino Milling	1,240	......
Makita	970	......
Marubeni	370	—14
Marudai	808	—3
Marui	1,110	—30
MEI	1,670	—50
M'ta Elec Works	670	—15
M'bishi Bank	900	......
M'bishi Corp	518	—2
M'bishi Elec	390	—5
M'bishi Estate	464	—15

JAPAN (continued)

May.31	Price Yen	+ or —
MHI	230	—5
Mitsui Co	347	—1
Mitsui Estate	655	—4
Mitsukoshi	387	+6
NGK Insulators	661	—43
Nihon Cement	200	......
Nippon Denso	1,430	—20
Nippon Elect	1,150	—40
Nippon Express	392	—8
Nippon Gakki	605	—2
Nippon Kokan	143	—1
Nippon Oil	1,000	—50
Nippon Seiko	520	—22
Nippon Shimpan	632	—25
Nippon Steel	159	—1
Nippon Suisan	310	—2
NTV	11,100	—900
Nippon Yusen	231	—4
Nissan Motor	620	—3
Nisshin Flour	447	+9
Nisshin Steel	195	—5
Nomura	688	—25
Olympus	880	—21
Omron Tateisi	1,710	......
Orient Leasing	2,990	—200
Pioneer	2,530	—130
Renown	643	—4
Ricoh	890	—16
Sankyo	672	—8
Sanyo Elect	476	—11
Sapporo	402	—8
Sekisui Prefab	555	......
Seven-Eleven	8,440	—20
Sharp	1,030	—50
Shimadzu	510	—20
Shionogi	633	—25
Shiseido	1,050	......
Sony	3,310	—10
Stanley	660	—16
S'tmo Bank	895	—65
S'tomo Elect	809	—35
S'tomo Marine	587	—15
S'tomo Metal	156	—3
Taihei Dengyo	485	—5
Taisei Corp	211	......
Taisho Pharm	890	—24
Takeda	695	—5
TDK	4,820	—280
Teijin	365	—10
Teikoku Oil	699	—21
Tokyo Marine	553	—7
TBS	741	—24
Tokyo Elect Pwr	1,070	—30
Tokyo Gas	154	......
Tokyo Sanyo	690	—14
Tokyo Style	740	—5
Tokyu Corp	292	—2
Toppan Print	725	—5
Toray	407	—8
Toshiba Elect	369	—9
TOTO	572	—7
Toyo Seikan	720	—1
Toyota Motor	1,290	—40
Victor	2,300	—50
Wacoal	770	......
Yamaha	525	......
Yamanouchi	1,360	......
Yamazaki	670	—2
Yasuda Fire	280	—8
Yokogawa Bdge	407	......

SINGAPORE

May. 31	Price $	+ or —
Boustead Hldgs	2.39	—0.04
Cold Storage	3.32	......
DBS	8.95	—0.05
Fraser & Neave	5.7	—0.1
Genting	5.2	......
Haw Par. Bros	2.29	—0.01
Inchcape Bhd	2.68	......
Keppel Shipyard	2.56xa	+0.02
Malay Banking	9.05	+0.05
Malay Brew	6.55	......
Multi Purpose	1.93	—0.01
OCBC	10.2	—0.1
OUB	4.42	......
Sime Darby	2.36	—0.01
Straits St'mship	1.62	+0.01
Straits Trdg	5.55	—0.05
UOB	4.94	—0.06

SOUTH AFRICA

May. 30	Price Rand	+ or —
Abercom	2.0	......
AE & CI	9.3	+0.1
Anglo Am Coal	31.0	+0.5
Anglo Am Corp	22.5	+0.2
Anglo Am Gold	150	+0.25
Barclays Bank	18.	—0.25
Barlow Rand	14.15	—0.05
Buffels	83	—1.25
CNA Gallo	2.9	......
Currie Finance	4.9	—0.3
De Beers	9.25	......
Driefontein	46.75	+0.75
FS Geduld	51.25	—1
Gold Fields S.A.	29.5	—0.25
Highveld Steel	5.4	......
Nedbank	15.5	......
OK Bazaars	18.0	......
Protea Hldgs	2.7	......
Rembrandt	26.0	......
Rennies	15.5	......
Rust. Plat	74.75	+0.25
Sage Hldgs	8.5	......
SA Brews	7.66	+0.05
Smith (C.G.)	23.5	......
Tongaat Hulett	11.8	......
Unisec	5.65	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Applied Computer	600	+30
Brit. Aerospace	330	+7
Gates (Frank G.)	58	+5
ICI	540	+6
Atlantic Res	82	+8
Double Eagle	60	+5
Marinex Pet	110	+10

FALLS

Bilton (Percy)	192	—10
Borthwick (Thom)	17	—3
Bowater	254	—8
Brit Printing	180	—11
Cable & Wireless	288	—12
Hawker Siddeley	407	—10
Kleinwort, Benson	355	—15
Lynton	265	—7
Midland Bank	312	—8
Pearson (S.)	480	—38
Polly Peck	200	—20
Strong & Fisher	115	—18
Sumrie Clothes	103	—15
TI	210	—8
Thorn EMI	533	—10
Wearwell	166	—9
Claremont Pet	91	—7
Saxon Oil	308	—20
Shell Transp.	650	—13
Bougainville	132	—6
Cons. Gold	557	—12
MIM Hldgs.	177	—6
Western Mining	205	—7

Continued on Page 44

CANADA

TORONTO

Prices at 2.30 pm May 31

[illegible]

MONTREAL

Closing prices May 30

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

[illegible]

Indices

NEW YORK - DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

MONTREAL

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Latin American debt worries unnerve equity markets

index down 6.5 after early 11.1 gain

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
May 14	May 31	June 1	June 11
June 4	June 14	June 15	June 25
June 18	June 28	June 29	July 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Increasing fears about international debt problems cast a shadow over London financial markets yesterday, and were responsible for another bout of nervous selling in the equity sectors. Unfounded rumours that Argentina had defaulted on its debt repayments shook confidence around noon and triggered off another sharp shake-out in blue chips.

Reflecting the sudden change of mood, the Financial Times Industrial Ordinary share index, which had rallied on bear closing to post a gain of 11.1 at the first calculation, plummeted to show a fall of 17.1 at 3 pm. This was subsequently reduced to a fall of only 6.5 at the close following a late technical rally, but still left the index below the 800 level at 796.9 for the first time since mid-January of this year.

Clearing banks sustained further heavy falls at one stage, while fresh widespread and sometimes substantial losses were again recorded throughout the industrial sectors. Selling was relatively light, however, but with confidence drained by the almost uninterrupted slump over the past fortnight, buying limits were withdrawn and dealers lowered quotations in an effort to find a trading level.

Despite the late sharp rally, the final tone remained extremely sensitive and dealers looked in vain for any lead from Wall Street, which fluctuated narrowly in the early dealings.

Government stocks, in complete contrast, traded on a quietly firm note throughout the session. The modest improvement, however, mainly reflected LIFFE market influences, while the late tone was also helped by opening firmness in U.S. bonds yesterday. Long-dated stocks settled with gains ranging to ⅛ and occasionally more, while the shorts improved around ⅛. The Government Securities index gained 0.21 to 78.07.

Clearers nervous

Rumours that Argentina had defaulted on its foreign debt repayments, coming hard on the heels of Bolivia's decision temporarily to suspend such payments immediately halted an early rally by the major clearers. Nervous selling ensued and initial gains of around 5 were replaced by fresh losses of 15. Lloyds retreated from 520p to touch 505p before closing a net 3 easier on balance at 512p, and Midland closed 6 lower at 312p, after extremes of 320p and 308p. NatWest ended 8 off at 567p, after 578p, while Barclays relinquished 5 to 440p, after 450p. Elsewhere, dearer money fears left Discount Houses and Hire Purchases lower throughout the list. Carter Allen dropped 10 to 455p and Union dipped 15 to 690p, while falls of 4 and 13 respectively were recorded in Provident Financial, 151p, and United Leasing, 277p. Merchant banks remained in the doldrums. Kleinwort Benson declined 15 to 355p and Schroders fell 30 at 765p. By way of contrast, Minster Assets, in which the Kuwait Investment Office owns a significant stake, improved 3 to 127p, after 130p, on revived take-over suggestions.

Insurances moved easier with the general trend but closed above the lowest in places. Phoenix eased 6 to 410p on further consideration of the first quarter figures, while General Accident gave up 5 at 425p. Hogg Robinson fell 9 to 165p among Lloyds Brokers where Stewart Wrightson ended 8 down at 347p.

Buildings suffered another shake-out after an initial promising rally, however, prices began to improve afterhours and final quotations were no worse than narrowly mixed. Blue Circle, after early progress to 412p, reacted to a 1984 low of 405p before steadying up to close without alteration at 410p. RMC settled 4 cheaper at 398p, after 404p, while Redland finished a penny off at 252p, after 258p. Tarmac firmed to 444p initially, but closed a couple of pence cheaper on balance at 438p. Among secondary issues, Higgs and Hill encountered selling in an unwilling market and fell 10 to 270p, while French Kier lost 4 to 113p and McCarthy and Stone gave up 15 to 405p. William Leech touched 147p, but fell back to close 4 lower on balance at 141p; bidders C. H. Beazer shed 8 to 350. Ibstock Johnsen, down to 175p at one stage, picked up to close unchanged at 180p.

ICI moved between extremes of 546p and 536p before closing 6 dearer on the day at 540p. Laporte, a particularly dull market on Wednesday, rallied 4 to 336p before falling back again to close unchanged on balance at 428p. Coalite added a penny to 166p on second thoughts about the annual results, but Brent shed 4 for a two-day fall of 9 to 95p and Yorkshire Chemicals lost 3 to 49p.

Habitat volatile

Inclined a few pence firmer at the outset, leading Stores failed to attract appreciable follow-through support and thereafter reacted to fresh selling. Although selected issues responded to sporadic support after the official close, most retained substantial losses. Woolworth gave up 15 to record a two-day fall of 27 at 438p. House of Fraser finished 8 off at 226p, but Debenhams recovered from an earlier 155p to settle only a penny cheaper on balance at 159p. Early interest centred on Habitat Mothercare which improved to 282p in immediate response to preliminary results at the top end of market estimates, but eased steadily throughout the session and touched 268p before closing unchanged on balance at 275p.

Speculative favourites among secondary Stores continued to suffer, although here too, certain counters displayed resilience and closed well off the bottom. Harris Queensway, down to 332p at one stage, closed 4 up on balance at 342p, while Waring and Gillow were unchanged at 125p, after 118p. Double-figure falls, however, were noted for Sumrie Clothes, 103p, Superdrug, 258p, and J. Hepworth, 250p. Combined English were firm initially and touched 71p before settling only 2 up on balance at 69p, while French Connection eased 5 to 325p following the chairman's encouraging statement at the annual meeting.

Recently beleaguered computer stocks in Electricals staged a useful rally yesterday on reports that in complete contrast to the U.S. experience, home computer sales in the UK rose by 75 per cent in the first quarter of this year. Applied Computers rebounded 30 to 600p and CPS rallied 10 to 120p, while Acorn hardened 7 to 143p. BSR, 205p, and CPU, 165p, added 5 apiece. Other secondary issues, however, succumbed to renewed selling with Polytechnic Marine 15 down at 240p and Memec 30 lower at 260p. A. and G. Securities relinquished 9 at 87p and Crystalite dipped 8 to 220p. Among the leaders, Cable and Wireless dropped 12 to 288p, while Thorn EMI gave up 10 afresh to 533p, after 530p, making a decline of 82 since the merger discussions with British Aerospace were announced on May 15. BAe, meanwhile, continued to reflect hopes of a bid from either Plessey or GEC and added 7 further to 330p. Plessey ended 4 off at 200p, after 198p, but GEC held the overnight level of 162p.

Engineering leaders took on a mixed appearance after a volatile day's trade. TI moved between extremes of 220p and 204p before closing a net 6 down at 210p, while Hawker declined 10 to 407p. GKN hardened a couple of pence to 166p, after 160p, and Vickers improved 3 to 141p. Elsewhere, APV gave up 18 to 260p, Simon shed 11 to 397p and Vosper dipped 15 to 185p.

Following Wednesday's jump of 36 on the share-exchange offer for the company from Dee Corporation, Booker McConnell were again actively traded, but closed 7 down on balance at 158p; Dee Corporation settled 6 cheaper at 452p, after 457p. Other Foods closed a shade easier on the day having been several pence higher initially. J. Sainsbury finished a couple of pence off at 513p, after 518p, while Tesco settled 3 cheaper at 168p, after 172p. Tate and Lyle moved up to 363p on second thoughts about the interim results, but subsequently reacted to 350p before a late rally left the close just a penny cheaper on balance at 357p. S. and W. Berisford shed 4 to a 1984 low of 168p.

Bowater fall

Publication of full details of the demerger terms of its North American pulp and paper business saw Bowater touch 266p before the shares reacted with the general trend to close a net 8 lower on the day at 254p. Other miscellaneous industrial leaders sustained yet another sharp setback with Glaxo closing 10 off at 790p and Pilkington the same amount easier at 265p. Metal Box lost 9 at 324p and Unilever softened 5 to 835p. Boots rallied well after-hours and closed only a penny lower at 166p, after 158p. Elsewhere, heavy losses littered secondary issues again. S. Pearson were particularly vulnerable, closing 38 down at 480p, after 477p, while Siebe Gorman shed 15 to 363p and Smiths Industries declined 12 to 495p. Polly Peck dropped 20 afresh to 200p and this prompted sympathetic reactions of 18 to 200p in Cornell and 9 to 106p in Wearwell. Initial at 465p, lost 28 of the previous day's rise of 89 which followed BET's cash and share-exchange offers; BET lost 10 at 240p.

Cable television concern SelecTV firmed 2 to 20p; British Printing and Communications Corporation has increased its stake to just over 17 per cent.

A couple of firm counters emerged in Motor Distributors. Frank G. Gates advanced 5 to 56p after the property deals, while the reduced annual deficit left Manor National a penny dearer at 11½p. In contrast, the chairman's cautious remarks at the annual meeting clipped 5 from Western Motor at 68p. Components displayed modest losses. Lucas improved to 199p in the early business before settling 3 cheaper on balance at 193p, while AE fell 4½ to 77p.

The majority of leading Properties withstood the mid-session shake-out and usually retained, or sometimes improved upon, early modest gains. Comment on the interim results helped MEPC improve a couple of pence to 264p, while Land Securities hardened a penny to 256p. Stock Conversion added 3 to 318p, but Hammerson A gave up 10 to 800p and Haslemere Estates shed 4 to 468p. British Land improved to 109p before slipping back to close a penny cheaper on balance at 107p. Elsewhere, Percy Bilton came on offer and fell 10 to 192p, while Lynton shed 7 to 265p on disappointment with the annual results. Stockley lost 4 to 52p and Trafford Park Estates the same amount to 149p. Priest Marians were marked down 25 to 550p following the offer of 450p per share for the outstanding 55 per cent of the issued voting capital not already held by Mr S. Fussel, a director of the company.

Oils erratic

The oil majors were a nervous and volatile market. Quotations edged higher in initial dealings as bear closing and "new time" buying followed reports that Iraq may attack the Iranian oil terminal at Kharg Island. However, the emergence of renewed and sizeable selling in mid-morning quickly had the sector on the retreat and prices fell back sharply before staging an equally rapid rally during the afternoon. Following a period of relatively calmer trading after the official "house" close the majority of issues were left with minor changes in either direction.

Shell were an exception, however, and settled a net 13 lower on balance at 650p, after 645p. BP touched extremes of 486p and 470p prior to closing only 2 easier at 480p, while similar falls were recorded by Britoil, 230p, after 233p and 223p, and LASMO, 287p, after 293p and 280p.

In the secondary issues Saxon Oil dropped to 295p immediately following the proposed £10.76m rights issue but subsequently rallied to end the day a net 20 lower at 308p.

A number of firm spots emerged in the more speculative stocks, notably Marinex, which advanced to 115p prior to closing 10 to the good at 110p and Irish explorer Atlantic Resources which touched 86p before easing to close 6 up on balance at 82p.

Meat traders Thomas Borthwick disappointed in announcing a sizeable mid-term loss and eased 3 to 17p. Other Overseas Traders regained some composure after recent heavy falls. Tozer Kemsley and Millbourn, due to reveal annual results next Monday, touched 38p before reverting to unchanged at 36p on news that Mr Ron Brierley's IEP Securities now controls just under 15 per cent of the equity.

Quiet Mines

Intense activity in UK equities and the closure of the Johannesburg market as well as a number of major Continental dealings centres inhibited business in the South African sectors of mining markets.

Golds opened firmer, reflecting good demand in late trading on Wednesday evening, but thereafter moved narrowly in quiet and thin trading. Bullion failed to give much of a lead to the sharemarket, easing to around $383.50 in the morning before rallying to close a net $0.75 easier at $384.75 an ounce.

The best performers in the heavyweights included Hartebeest, which rose £1⅛ to £59⅞, Free State Geduld, £1⅛ higher at £30⅛ and Elandsrand, which added a half-point at a year's high of £10⅛.

The Gold Mines index moved up 9.3 to 681.3.

Easier precious and base-metal prices coupled with the marked weakness throughout domestic equities prompted persistent selling of the London-domiciled Financials. Consolidated Gold Fields dipped to around 550p before rallying to close a net 12 lower at 557p, while Charter were finally 4 off at 213p, after 210p and RTZ 3 easier at 597p. Hampton Areas fell a like amount to 207p.

South African Financials were a quiet market and showed De Beers 5 easier at 512p and Gencor ½ off at £14⅛. Minorco dipped to equal their 1984 low of 625p but attracted good support from the U.S. in after-hours trading and closed 5 up on balance at 635p.

Australians remained thoroughly depressed by the recent losses on Wall Street and London markets and were not helped by the latest declines in metal prices.

Demand for Traded Options continued to improve and 6,831 contracts were struck comprising 4,263 calls and 2,568 puts. Operators displayed revived enthusiasm for Hanson Trust which attracted 555 calls and 165 puts in front of next Tuesday's interim results.

FINANCIAL TIMES STOCK INDICES

	May 31	May 30	May 29	May 25	May 24	May 23	year ago
Government Secs	78.07	77.86	78.20	78.15	78.11	79.27	82.55
Fixed Interest	83.48	83.59	82.62	82.56	83.22	84.02	84.01
Industrial Ord.	796.9	803.4	826.2	827.9	826.4	847.6	698.7
Gold Mines	681.3	672.2	680.5	662.5	653.7	642.8	592.7
Ord. Div. Yield	4.94	4.96	4.72	4.71	4.72	4.60	4.63
Earnings, Yld.% (full)	11.47	11.37	11.03	10.95	10.95	10.71	9.21
P/E Ratio (net) (*)	10.48	10.57	10.90	10.99	11.00	11.26	13.45
Total bargains (Est.)	21,270	22,420	17,802	21,867	21,681	21,588	19,190
Equity turnover £m.	—	259.47	201.96	310.04	316.59	368.51	212.34
Equity bargains	—	15,684	16,114	19,202	18,036	18,409	17,308
Shares traded (ml)	—	127.2	105.2	152.7	179.6	200.4	131.2

10 am 814.5. 11 am 810.0. Noon 803.4. 1 pm 792.3. 2 pm 789.3. 3 pm 786.3.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.02.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	81.77 (9/1)	77.86 (30/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	82.39 (30/5)	155.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.3 (3/5)	770.3 (4/1)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/5)	520.2 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	May 30	May 29
Daily Gilt Edged Bargains	130.9	155.5
Equities Bargains	101.6	104.4
Value	524.4	406.2
5-day Average Gilt Edged Bargains	154.1	157.5
Equities Bargains	113.3	117.4
Value	584.8	596.9

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 21	June 8	Aug 30	Sept 10
June 11	June 22	Sept 13	Sept 24
June 25	July 6	Sept 27	Oct 8

For rate indications see end of Share Information Service.

Stocks favoured for the call included Midland Bank, Philcom, Premier Oil, Atlantic Resources, Barratt Developments, Dunlop, PetroGen, Automotive Products, Polly Peck, Bowater, Eglinton Oil, Microvitec, York Trailer, Yelverton, Intervision, Audiotronic, First National Finance, John Brown, London and Northern, Brunswick Oil and Bryson. A put was done in Polly Peck, while doubles were transacted in Pauls and Whites, Asia Oil and UKO.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	75	7	22
Corpns. Dom and Foreign Bonds	18	12	52
Industrials	106	709	590
Financial & Props.	32	303	184
Oils	23	45	51
Plantations	1	4	14
Mines	39	53	81
Others	41	98	86
Totals	335	1,231	1,080

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters (or fully-paid). ■ Introduction. ⊕ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Booker McConnell	158	−7
BP	480	−2
Commercial Union	186	−3
Cons Gold Fields	557	−12
Eglinton Oil & Gas	220	—
General Accident	425	−5
Habitat Mothercare	275	—
Hanson Trust	203	—
ICI	540	+6
LASMO	287	−20
Saxon Oil	308	−20
Shell Transport	650	−13

Based on bargains recorded in Stock Exchange Official List.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Booker McConnell	25	165	−36
Shell Trans	20	663	−20
Microvitec	19	167	−22
BP	16	482	−21
Grand Met	16	321	−6
ICI	16	534	−10
Cable & Wire	15	505	−10
Logica	15	300	−15
BET Deld	14	250	—
GUS A	14	541	−24
Initial	14	141	+89
Polly Peck	14	220	−20
Reed Intnl	14	384	−26
Midland Bank	13	318	−17

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (7)

CORPORATION LOANS (1) LCC 5pc '82-84

CANADIANS (1) Trans. Can Pipe

ENGINEERING (1) Burgess Products

PAPER (1) Smith (David)

OILS (1) Collins (K.)

MINES (2) Elandsrand Gold, Western Areas

NEW LOWS (363)

BRITISH FUNDS (1), INT. BK. & O'SEAS GOVT. STLG. ISS. (1), FOREIGN BONDS (2), AMERICANS (3), BANKS (15), BREWERS (1), BUILDINGS (14), CHEMICALS (10), STORES (12), ELECTRICALS (19), ENGINEERING (23), FOODS (5), INDUSTRIALS (69), INSURANCE (7), LEISURE (3), MOTORS (6), NEWSPAPERS (1), PAPER (11), PROPERTY (14), SHIPPING (1), TEXTILES (6), TOBACCOS (1), TRUSTS (102), OILS (10), OVERSEAS TRADERS (3), PLANTATIONS (1), MINES (19)

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs May 31 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Weds May 30 Index No.	Tues May 29 Index No.	Fri May 25 Index No.	Thurs May 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (203)	466.05	−1.1	10.33	4.04	12.23	471.30	483.63	485.75	486.28	477.84
2	Building Materials (24)	456.82	−1.1	12.72	4.99	9.77	460.87	471.60	473.58	477.12	427.38
3	Contracting, Construction (32)	650.42	−1.1	14.82	5.80	8.62	657.80	671.49	675.46	683.32	755.06
4	Electricals (14)	1519.38	−1.4	8.91	4.85	14.18	1524.83	1572.51	1567.62	1588.81	1877.62
5	Electronics (28)	1561.70	−1.0	9.21	2.45	13.92	1597.80	1641.94	1652.68	1634.99	0.00
6	Mechanical Engineering (62)	232.78	−1.4	12.00	5.18	10.28	236.13	242.00	241.68	243.88	211.81
8	Metals and Metal Forming (9)	174.38	−0.5	12.29	7.24	10.45	175.24	181.86	182.33	183.55	174.94
9	Motors (17)	124.77	−1.9	6.33	4.87	—	127.15	130.51	130.11	131.31	106.58
10	Other Industrial Materials (17)	628.17	−1.2	7.19	3.82	17.36	635.67	650.40	656.26	659.53	453.36
21	CONSUMER GROUP (194)	480.51	−0.8	11.23	4.52	10.90	484.61	498.24	497.97	500.18	423.23
22	Brewers and Distillers (23)	502.28	−0.6	12.98	4.99	9.55	505.19	517.53	513.28	512.51	456.43
25	Food Manufacturing (22)	361.10	−1.2	15.25	6.04	8.02	365.48	374.05	374.54	380.04	324.76
26	Food Retailing (12)	1107.75	−0.5	7.75	2.78	16.83	1112.90	1140.55	1143.01	1158.77	866.70
27	Health and Household Products (9)	750.81	−1.3	6.46	3.12	18.34	760.75	770.03	769.76	773.39	808.97
29	Leisure (23)	598.91	−1.7	10.00	4.85	12.89	608.97	622.23	622.75	624.06	535.01
32	Newspapers, Publishing (13)	1233.12	−2.5	8.07	4.38	15.18	1264.90	1300.89	1299.84	1307.87	826.87
33	Packaging and Paper (15)	224.31	−2.2	11.95	4.69	9.81	229.46	239.91	241.84	244.81	164.68
34	Stores (46)	432.32	−0.4	9.15	4.03	14.38	433.97	449.20	449.22	450.11	381.74
35	Textiles (20)	259.87	−2.8	13.62	5.03	8.44	267.37	276.23	281.63	285.71	199.80
36	Tobaccos (3)	564.24	+0.8	19.61	6.39	5.76	559.77	581.25	577.37	572.52	403.28
39	Other Consumer (8)	447.46	−1.3	12.21	4.55	—	453.17	458.39	458.33	462.57	386.48
41	OTHER GROUPS (87)	413.04	−1.3	10.60	4.72	11.63	418.52	425.46	427.97	431.12	345.80
42	Chemicals (18)	550.96	+0.7	13.42	5.37	9.24	547.22	559.64	562.24	564.65	474.94
44	Office Equipment (4)	115.41	−0.8	8.30	6.26	15.90	116.31	120.46	120.87	121.30	98.12
45	Shipping and Transport (14)	810.78	−2.0	9.53	5.34	13.92	827.10	846.28	849.85	858.82	703.52
46	Miscellaneous (51)	570.52	−2.7	8.81	3.96	13.62	586.49	591.78	596.17	601.75	462.37
49	INDUSTRIAL GROUP (484)	470.34	−1.0	10.84	4.40	11.43	475.11	487.30	488.30	490.18	432.44
51	Oils (16)	1081.68	−1.1	13.51	6.24	9.16	1093.79	1134.09	1134.11	1118.50	893.45
59	500 SHARE INDEX	521.64	−1.0	11.31	4.73	10.94	527.03	541.59	542.51	542.89	470.95
61	FINANCIAL GROUP (120)	344.83	−0.9	—	6.18	—	347.92	357.11	356.57	360.92	318.50
62	Banks (6)	336.01	−1.2	27.24	8.44	4.32	340.18	353.07	350.84	354.29	353.31
63	Discount Houses (7)	413.45	−1.6	—	7.37	—	420.18	434.33	436.48	446.95	300.14
65	Insurance (Life) (9)	443.08	−1.0	—	6.81	—	447.71	458.04	454.61	458.59	404.93
66	Insurance (Composite) (9)	253.08	−0.5	—	7.04	—	254.32	259.92	259.75	260.63	287.38
67	Insurance (Brokers) (6)	698.30	−1.8	10.42	4.82	13.37	710.99	721.56	728.13	730.06	550.98
68	Merchant Banks (12)	194.83	−1.7	—	5.06	—	198.21	206.29	210.48	219.26	167.43
69	Property (53)	528.28	−0.2	5.83	3.96	23.07	529.52	538.70	537.33	544.99	471.43
70	Other Financial (18)	225.13	−1.1	12.64	6.18	9.56	227.71	234.86	234.76	239.55	241.01
71	Investment Trusts (106)	458.72	−1.6	—	3.98	—	466.40	472.33	472.11	479.79	411.01
81	Mining Finance (4)	290.84	−1.2	9.58	5.15	13.34	294.24	297.70	296.11	285.96	277.64
91	Overseas Traders (16)	528.01	−0.8	9.87	7.19	14.45	532.53	546.05	543.92	545.76	446.59
99	ALL-SHARE INDEX (746)	477.21	−1.0	—	4.95	—	482.21	494.87	495.29	496.61	432.25
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1021.0	−5.6	1037.8	1008.2	—	1026.6	1056.1	1055.5	1051.6	0.0

FIXED INTEREST

	PRICE INDICES	Thurs May 31	Day's change %	Weds May 30	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	114.94	+0.11	114.81	—	5.01
2	5–15 years	124.96	+0.35	124.53	—	4.92
3	Over 15 years	132.91	+0.43	132.34	—	4.82
4	Irredeemables	141.17	+0.39	140.62	—	6.07
5	All stocks	124.36	+0.29	124.00	—	4.97
6	Debentures & Loans	103.16	−0.30	103.47	—	4.47
7	Preference	76.15	−0.50	76.53	—	2.84

	AVERAGE GROSS REDEMPTION YIELDS		Thurs May 31	Weds May 30	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.30	11.33	9.46
2		15 years	11.11	11.16	9.96
3		25 years	10.53	10.56	9.69
4	Medium Coupons	5 years	12.13	12.20	11.22
5		15 years	11.52	11.58	10.73
6		25 years	10.76	10.83	10.12
7	High Coupons	5 years	12.22	12.28	11.32
8		15 years	11.69	11.75	10.94
9		25 years	10.87	10.92	10.26
10	Irredeemables†		10.40	10.44	9.72
11	Debs & Loans	5 years	12.54	12.55	11.97
12		15 years	12.27	12.29	12.05
13		25 years	12.11	12.01	12.07
14	Preference†		13.80	12.93	12.17

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

European Options Exchange was closed yesterday; figures below are for Wednesday

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$375	176	25	11	34			$387.20
GOLD C	$400	54	9.50	22	20.50	19	28	"
GOLD C	$425	136	3.70	17	8.60			"
GOLD P	$375	2	4	13	6			"
[illegible]								

TOTAL VOLUME IN CONTRACTS 22,137

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
B.P. (*480)	390	100	—	—	2	[illegible]	[illegible]
	420	70	85	—	4	[illegible]	[illegible]
	460	40	55	65	10	[illegible]	[illegible]
	500	15	27	40	32	[illegible]	[illegible]
	550	5	14	22	75	[illegible]	[illegible]
[illegible]							

May 31 Total Contracts 6,831. Calls 4,263. Puts 2,568

*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101 13/32	100 3/8	Treas 12pc 1984	100 3/8	.....	11.93	9.81
105 7/8	103 3/4	Treas. 15pc 1985	103 11/16	.....	14.55	10.27
102 7/8	101 1/8	Exch. 12pc Cnv. '85	101 1/8	– 1/16	11.86	10.33
95 3/8	93 1/4	Treas 3pc 1985	94 1/16	.....	3.19	9.40
102 5/8	100 11/16	Treas 11½pc 1985	100 11/16	.....	11.42	10.79
99 3/8	97 1/2	Treas 8¾pcCnv '85	97 7/16	+ 1/16	8.97	10.79
104 7/8	101 1/2	Exch. 12¼pc 1985	101 1/2	.....	12.07	11.07
103 13/16	100 13/16	Exch. 11¾pc '86	100 13/16	.....	11.67	11.23
102 7/16	97 3/4	Treas. 10pcCnv 1986	98	+ 1/8	10.20	11.19
90 1/4	88 1/4	Treas 3pc 1986	88 5/8	– 1/8	3.39	9.48
102	98 5/8	Exch. 10½pc Cv '86	98 13/16	+ 1/8	10.63	11.78
104 7/16	100 7/8	Treas 12pc 1986	101	+ 1/8	11.88	11.44
98 3/4	94 1/2	Treas 8½pc 1984-86‡‡	94 3/4	+ 1/8	8.97	11.35
108 13/16	104 3/16	Exch. 14pc 1986	104 7/8	+ 3/16	13.35	11.59
87 1/8	85	Exch. 2½pc 1986	85 5/16	.....	2.93	9.34
107 13/16	103 1/8	Exch. 13¼pc 1987	103 1/4	+ 1/8	12.89	11.74
100 7/8	96 3/16	Treas 10¼%Cv '87	96 5/16	.....	10.61	11.73
86 1/8	83 1/8	Exch 2½pc 1987	83 1/8	– 1/8	3.01	9.66
101 3/16	96 13/16	Exch. 10½pc 1987	96 7/8	+ 3/16	10.84	11.80
92 13/16	88 1/4	Funding 6½pc '85-87‡‡	88 1/4	.....	7.37	11.35
99 5/8	95 3/16	Treas. 10pc 1987	95 7/16	+ 1/4	10.48	11.84
85	81 3/16	Treas 3pc 1987	81 5/16	– 1/16	3.68	10.02
105	100 1/16	Treas. 12pc 1987	100 1/4	+ 3/16	11.97	11.88
94 7/8	89 1/8	Treas 7¾pc 1985-88‡‡	89 1/8	– 1/8	8.70	11.45
100 1/4	95 1/2	Exch 10½pc '88	95 3/4	+ 3/16	10.97	11.87
98 7/16	92 13/16	Treas 9¾pc Cv '88	93 3/16	+ 1/4	10.46	11.94
82	77	Transport 3pc '78-88	77 1/16	.....	3.89	9.99
96 13/16	91 3/16	Treas. 9½pc '88	91 3/4	+ 3/16	10.35	11.95
106 1/4	98 1/16	Treas 11½pc 1989	98 3/16	+ 1/8	11.71	11.98
50	45 1/2	*Treas 9½pcCv'89 (£50pd)*	45 13/16	+ 3/16	10.42	11.94
		Five to Fifteen Years				
103 3/8	93 5/8	Treas. 10½pc 1989	93 7/8	+ 1/4	11.14	12.06
100 7/16	95 3/4	Exch. 10pc 1989	96 1/4	+ 1/8	10.90	12.17
98 13/16	93	Do. 10pc '89 A	93 3/8	+ 1/8	10.89	12.17
85 1/8	77 1/2	Treas 5pc 1986-89	77 1/4	+ 1/4	6.48	10.70
112 1/8	107 5/8	Treas 13pc 1990‡‡	108	+ 1/8	12.61	12.20
110 7/8	103	Exch. 12½pc 1990	103 3/8	+ 3/8	12.38	12.24
93 1/4	84 7/8	Treas 8¼pc 1987-90‡‡	85 1/4	+ 1/8	9.67	11.71
98 5/8	90 5/8	Treas. 10pcCv 1990	93 3/8	+ 1/4	11.05	12.15
107	101 5/8	Treas 11¾pc 1991	101 7/8	+ 1/4	12.08	12.35
84 1/8	75 5/8	Funding 5¾pc '87-91‡‡	75 7/8	+ 1/4	7.67	11.05
105 3/8	95 5/8	Exch. 11pc 1991	95 7/8	+ 1/4	11.61	12.08
112 5/8	106 1/4	Treas 12¾pc 1992‡‡	107 1/4	+ 1/4	12.43	12.21
100 5/8	93 1/4	Treas 10pc 1992	93 5/8	+ 1/4	11.01	11.82
111 1/4	102 1/2	Exch. 12¼pc '92	102 7/8	+ 1/4	12.30	12.31
117 1/2	107 7/8	Exch 13½pc 1992	108 1/4	+ 1/4	12.80	12.39
113 3/8	106 1/4	Treas 12½pc 1993‡‡	106 5/8	+ 3/8	12.27	12.15
78 1/4	71 1/4	Funding 6pc 1993‡‡	72	+ 1/4	8.48	11.12
121 1/4	108 5/8	Treas 13¾pc 1993‡‡	109	+ 1/2	12.65	12.17
126 3/4	116 7/8	Treas 14½pc 1994‡‡	117 1/4	+ 1/2	11.64	12.26
120 5/8	107 7/8	Exch 13½pc 1994	108 1/4	+ 1/4	12.64	12.28
114 1/4	104 1/4	Exch. 12½pc 1994	105 1/8	+ 3/8	12.29	12.19
94 1/2	84 7/8	Treas 9pc 1994‡‡	85 1/8	+ 1/4	10.62	11.54
109 1/4	102 7/8	Treas 12pc 1995	103 3/8	+ 1/2	12.10	12.13
64 1/4	59 1/4	Gas 3pc '90-95	59 3/4	– 1/4	5.04	8.87
99 1/4	93 5/8	Exch. 10¼pc 1995	94	+ 1/2	11.35	11.83
117 7/8	105	Treas 12¾pc 1995‡‡	105 3/8	+ 1/4	12.17	11.96
122 5/8	116	Treas. 14pc '96	116 1/2	+ 3/8	12.57	12.14
94 1/2	85 1/2	Treas 9pc 1992-96‡‡	85 3/4	+ 1/4	10.74	11.53
134 7/8	120 1/2	Treas 15¼pc 1996‡‡	120 7/8	+ 3/8	12.74	12.19
122 1/8	108 5/8	Exch 13¼pc 1996‡‡	109 1/4	+ 1/2	12.21	11.89
69 1/2	64 1/4	Redemption 3pc 1986-96	64 1/4	.....	4.67	7.49
120	113 1/4	Treas 13¼pc 1997‡‡	113 3/4	+ 3/8	12.16	11.84
104 1/2	94 7/8	Exch 10½pc 1997	95 1/4	+ 3/8	11.37	11.65
92 1/2	83 3/4	Treas 8¾pc 1997‡‡	84	+ 3/8	10.70	11.43
134 5/8	120 1/4	Exch. 15pc 1997	120 3/4	+ 1/2	12.57	12.05
95 1/2	89 1/2	Exch. 9¾pc 1998	90	+ 5/8	11.08	11.51
78	69 1/2	Treas 6¾pc 1995-98‡‡	69 7/8	+ 3/8	9.74	11.14
138 5/8	126 1/4	Treas. 15½pc '98‡‡	126 1/2	+ 1/4	12.52	11.96
115	101 7/8	Exch. 12pc 1998	102 1/2	+ 1/2	11.75	11.69
96	90	Treas 9½pc 1999‡‡	90 1/4	+ 1/4	10.96	11.38
116 3/4	105 5/8	Exch. 12¼pc 1999	106 1/4	+ 1/2	11.78	11.66
104 1/2	93 1/8	Treas. 10½pc 1999	93 5/8	+ 1/4	11.26	11.45
		Over Fifteen Year				
102 1/2	91 1/4	Convers'n 10¼pc 1999	91 7/8	+ 3/8	11.19	11.41
121 1/2	114 3/4	Treas. 13pc 2000	115 3/4	+ 1/2	11.79	11.57
128 1/2	114 5/8	Treas. 14pc '98-01	115 1/4	+ 5/8	12.20	11.82
113 1/8	106 5/8	Exch. 12pc '99-02	107	+ 5/8	11.69	11.60
98 7/8	92 3/4	Conv. 10pc 2002	93 1/4	+ 1/2	10.87	11.03
126 1/4	119 5/8	Treas. 13¾pc 2000-03	120 1/2	+ 3/4	11.89	11.57
114 7/8	104	Treas. 11½pc 2001-04	104 5/8	+ 5/8	11.27	11.22
50	46 1/4	Funding 3½pc '99-04	46 1/2	.....	7.81	9.86
123 5/8	110 1/2	Treas. 12½pc 2003-05	110 7/8	+ 5/8	11.31	11.16
87 1/4	78 3/4	Treas. 8pc 2002-06‡‡	79 1/4	+ 1/4	10.27	10.60
115 5/8	108 1/4	Treas. 11¾pc 2003-07	108 3/4	+ 1/2	11.24	11.15
132 1/4	120 1/4	Treas. 13½pc '04-08	120 1/2	+ 5/8	11.44	11.21
64 7/8	57 5/8	Treas. 5½pc 2008-12‡‡	58	+ 1/4	9.69	11.18
84 1/4	78 3/4	Treas. 7¾pc 2012-15‡‡	78 1/4	+ 1/8	10.26	10.41
124 1/2	111 3/4	Exch. 12pc '13-'17	111 3/4	+ 3/8	10.75	10.65
		Undated				
40 7/8	38 1/2	Consols 4pc	38 5/8	+ 1/8	10.72	—
37 3/4	33	War Loan 3½pc‡‡	33 1/4	+ 1/8	10.57	—
44 7/8	42 3/4	Conv. 3½pc '61 Aft.	43 3/4	+ 1/4	8.18	—
31 5/8	28 1/4	Treas. 3pc '66 Aft.	28 3/4	+ 1/8	10.56	—
25 3/4	24	Consols 2½pc	24 1/2	+ 1/4	10.57	—
26	23 1/4	Treas. 2½pc	23 7/8	+ 1/8	10.66	—
		Index-Linked			(1)	(2)
104 1/4	101 5/8	Treas. 2pc '88 (297.1)	102 3/4	.....	4.16	5.02
91 1/4	87 1/2	Do. 2pc '90 (333.9)	88 1/2	.....	4.29	4.88
106 1/2	101 1/2	Do. 2pc '96 (267.9)	103	.....	3.72	4.02
98 3/4	92	Do. 2½pc '99 (322.9)	92	.....	3.34	3.59
97 3/4	92 1/4	Do. 2½pc '01 (308.8)	93 1/4	– 1/8	3.53	3.76
96 1/2	92	Do. 2½pc '03 (310.7)	92	.....	3.48	3.70
99 7/8	95 1/2	Do. 2pc '06 (274.1)	96 1/2	.....	3.35	3.53
95 5/8	91 7/8	Do. 2½pc '09 (310.7)	91 7/8	.....	3.30	3.48
102 3/4	96 3/4	Do. 2½pc '11 (294.1)	97	.....	3.29	3.45
92 3/4	88	Do. 2½pc '16 (322.0)	88	.....	3.26	3.41
92	86	Do. 2½pc '20 (327.3)	86	.....	3.22	3.36

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for Sept., 1983: 339.5 and for April, 1984: 349.7.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
169	134	Macfarlane Gp.	158	−2	3.87	2.6	3.5	12.8
45	37	Macleilan 20p	38	.....	1.6	2.1	6.2	8.0
137	44½	Macpherson (D.)	126	−1	♦2.25	0.1	2.6	—
64	53	Magnolia Group	53	.....	2.5	3.2	6.7	5.2
64	43	‡Manmet Hldgs 10p	43	−2	—	—	—	45.7
270	157	Man. Ship Can £1	227	−8	5.5	3.5	3.5	11.7
95	77	Marley	77	−1	3.2	2.1	5.9	10.8
50½	40	Marling Ind. 10p	47	−1	†1.08	1.7	3.3	21.1
46	29	Marshall L'ry. 'A'	35	.....	1.2	3.6	4.9	(6.2)
66	54	Marshall's Univ	64	.....	—	—	—	125.9
30	22	Martin-Black	22	.....	—	—	—	—
£108	£88	♥Mathesons 7¾%	£94	−2	Q7¾%	2.3	8.5	—
378	296	Metal Box £1	324	−9	†11.55	3.2	5.1	6.8
220	129	Metal Closures	188	−4	6.3	♦	4.8	♦
27	13	‡Metal Sciences 2½p	14	+1	—	—	—	—
19	8	Metamec Jentique	8	.....	0.01	—	—	—
133	85	‡Midland Marts	85xd	.....	4.0	♦	6.7	♦
64½	45	Mitchell Cotts	56	−1	3.62	1.0	8.9	15.4
29	18	Molten Grp 1p	20	.....	0.5	♦	3.6	♦
168	132	Morgan Crucible	148	−2	7.5	♦	7.2	♦
97	82	Moss (Robt.) 10p	93	−3	2.5	♦	3.9	♦
300	197	‡NMW Computers	275	−4	6.0	3.0	3.1	15.3
65	50	Nash Inds.	50	−3	4.0	2.2	11.4	5.8
47	30	Ned&Spencer 10p	36	−2	—	—	—	15.5
70	45	New Equip 10p	70	.....	♦1.15	6.5	2.3	9.4
35	16	Newman Industs	23	.....	—	—	—	(12.9)
31	16½	Do. 10pc Cm. Pf.	20	−1	10%	—	7.1	—
66	43½	Nolton	43½	.....	1.0	2.9	3.3	15.3
175	146	Norcros	146	.....	67.0	2.3	6.8	8.8

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australians

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
18	14	♥ACM 20c	14	−½	—	—	—
38	25	♥Allstate Expl'n. NL	25	.....	—	—	—
10½	4	♥Asia Oil & Minerals	5¼	.....	—	—	—
19	12	♥Aust. Hydrocarbons NL	12	−1	—	—	—
28	20½	♥Australis Mng NL	21	.....	—	—	—
45	15	♥Balmoral Res	38	−½	—	—	—
36	23	♥Black Hill Mins	23	−1	—	—	—
104	77	♥Bond Corp	77	.....	Q10c	0.7	8.5
177	132	♥Bougainville 1 Kina	132	−6	Q16.4c	1.2	8.1
406	314	♥CRA $2	314	−4	Q12c	1.5	2.5
86	64	♥Carr Boyd 20c	64	−1	—	—	—
40	30	♥Central Kalgoorlie	31	.....	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

OPTIONS — 3-month call rates

[illegible]

"Recent Issues" and "Rights" Page 41

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

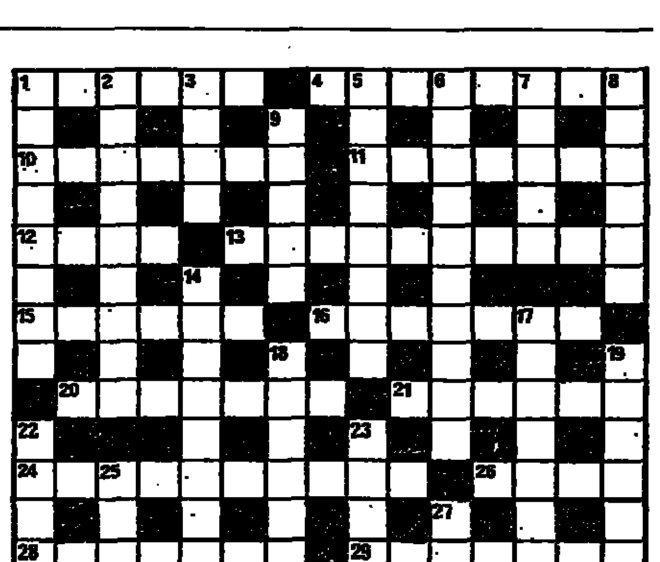
Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,430



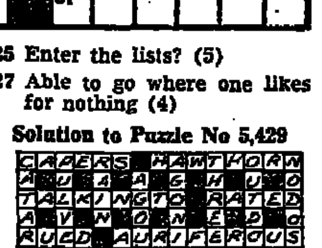
ACROSS

1 Holy water in which an egg's cooked (6)
4 Intrude by chance or mistake (8)
10 Plainly distressed, but retains composure (2, 5)
11 Mother's pet dog? (7)
12 Take off skirt if it's not right (4)
13 The whole book is in need of toning down (4, 6)
15 The occupant is at home with his wife (6)
16 A road is under construction for Miss Duncan (7)
20 A power line that may last for many years (7)
21 Show resentment? Not a bit! (6)
24 Introductory offer at a sale (7, 3)
26 He's on about being present (4)
28 After the wine I join the company in the porch (7)
29 Teams in the market for more than a left-winger (7)
30 Joined forces? (8)
31 Having a disease lays me out (6)

DOWN

1 Obtains help, but it is disputed (8)
2 A monthly gathering? (4, 2, 3)
3 Applied cosmetics from Holland? (4)
5 Undistinguished male going out in cape (8)
6 Urgent demands for wickerwork? (4, 6)
7 Goodbye to a Frenchman (5)
8 Annoyed at being removed from the board? (6)
9 Spring edition? (5)
14 Puts in beds, if it's a rest that's needed (10)
17 Army jumpers (3, 6)
18 First phase of the Stone Age (5, 3)
19 Money put in bank lately (8)
22 Left in carriage and pair (6)
23 Some projected amusements (5)
25 Enter the lists? (5)
27 Able to go where one likes for nothing (4)

Solution to Puzzle No 5,429



INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Ass.—Cont.

Income Accum.	128.3	135.1	-1.4	—
Do Initial	122.1	128.6	-1.7	—
Universal Tec. Acc.	82.3	86.7	-0.8	—
Do Initial	80.9	85.2	-1.0	—
Man. Pens. Accum.	259.6	273.3	......	—
Do. Initial	209.9	221.0	......	—
Gilt-Edg.Pens. Accum.	213.8	225.1	......	—
Do. Initial	166.2	175.0	......	—
Money Pens. Accum.	197.7	208.2	......	—
Do Initial	155.9	164.2	......	—

Black Horse Life Ass. Co. Ltd.
346A High St., Chatham 0634 405161

Black Horse Man. Fd.		262.11	......	—
Managed Inv. Fd.	175.37	184.60	......	—
Property Fd.	154.90	163.06	......	—
Fixed Interest Fd.	149.66	157.44	......	—
Cash Fd	139.26	146.59	......	—
Income Fd.	202.57	213.24	......	—
Extra Income Fd.	197.87	208.29	......	—
Worldwide Growth Fd.	230.86	243.02	......	—
Balanced Fd.	204.85	215.63	......	—
Smlr Co's & Recv. Fd	231.01	243.17	......	—
Int. Technology Fd	257.53	271.09	......	—
Nth. Amer. & Gen. Fd.	150.97	158.92	......	—
Energy Int. Fd	113.93	119.99	......	—
Pacific Basin Fund	164.31	172.96	......	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	119.9	126.2	......	—
Property	123.6	130.1	......	—
Equity	129.2	136.0	......	—
International	134.2	141.3	......	—
Fixed Interest	105.0	110.5	......	—
Deposit	102.8	108.2	......	—
Managed Pen. Cap.	118.8	125.1	......	—
Property Pens. Cap.	123.5	130.0	......	—
Equity Pens. Cap.	122.7	129.2	......	—
Intnl. Pens. Cap	137.5	144.8	......	—
Fixed Int. Pens. Cap.	100.4	105.7	......	—
Deposit Pens. Cap.	98.8	104.0	......	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth June 1		104.2	+0.6	—
Retmt. Fed. May 6	298.5	—	......	—
Managed Pen Fund	198.2	208.7	......	—
Property Pen Fund	116.0	122.1	......	—
Index Lnkd Pen Fund	111.5	117.4	......	—
Managed	122.3	128.8	-1.9	—
Property	108.3	114.1	......	—
Gilt and Fixed Interest	106.2	111.8	......	—
Index-Linked	95.7	100.8	-0.4	—
Equity	122.7	129.2	-1.8	—
Cash	108.6	114.4	......	—
Midland Bk. Unit Tst.	123.4	129.9	-1.0	—
Midland Bank Intnl.	139.2	146.6	-1.5	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£41.41	—	......	—
Property Units	£17.64	—	......	—
Equity Bond/Exec	£26.79	28.35	......	—
Prop. Bond/Exec	£23.06	24.40	......	—
Bal. Bd./Exec/Unit	£23.82	25.21	......	—
2nd Equity Acc	208.2	220.3	......	—
2nd High Inc/Acc	174.1	184.2	......	—
2nd Property Acc	175.5	185.7	......	—
2nd Managed Acc.	171.9	181.9	......	—
2nd Deposit Acc	149.0	157.7	......	—
2nd Gilt Acc.	143.1	151.4	......	—
2nd American Acc.	159.3	168.6	......	—
2nd Intl Money Acc	148.8	157.5	......	—
2nd Index Acc.	98.2	103.9	......	—
2nd Far East Acc.	100.8	106.7	......	—
2nd Eq. Pens./Acc.	297.6	314.9	......	—
2nd Hi Inc Pens/Acc.	187.0	197.9	......	—
2nd Prp. Pens/Acc	227.5	240.7	......	—
2nd Mgd. Pens/Acc	223.8	236.8	......	—
2nd Dep. Pens/Acc	199.2	210.8	......	—
Gilt Pens/Acc.	188.0	198.9	......	—
2nd Am. Pens/Acc	223.1	236.1	......	—
2nd Intl. MoneyPens/Acc	184.5	195.2	......	—
2nd Index Pens./Acc.	104.7	110.8	......	—
2nd Far East Pens/Acc.	101.7	107.6	......	—
L & E S.I.F.	75.0	79.5	......	—
L & E S.I.F. 2	50.5	53.5	......	—

Current value at May 29.

Capital Life Assurance
Continued on adjacent Page

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-626 1533.

Managed Growth	191.25	201.29	-2.57	—
Managed Income	93.54	98.46	-1.12	—

Other prices available on 01-626 1533.

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	125.8	132.5	+0.1	—
GT Pln High Yld Fnd	128.2	135.0	-1.4	—
GT Plan Far East Fnd	123.5	130.0	-1.0	—
GT Plan N. Am Fd.	113.2	119.2	-2.1	—
GT Pln UK&G.E. Fnd	148.1	156.9	-2.2	—
GT Pln Wrldwde Fnd	143.7	151.3	-1.1	—
GT Pension Bnd Fnd.	137.4	144.7	+0.2	—
GT Pen High Yld Fd	148.1	155.9	-1.7	—
GT Pen Far East Fd	153.5	161.6	-1.4	—
GT Pen N Am Fd	167.1	175.9	-2.9	—
Pen UK and General	172.9	182.1	-2.4	—
GT Pen Worldwide Fd.	154.1	162.3	-1.2	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl Managed Bond	169.9	178.9	-4.8	—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		266.6	......	—
Portfolio Fd. Int.		214.5	......	—

Continued on adjacent Page

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	277.0	291.9	-7.1	—
Money Fd	159.8	168.2	+0.1	—
Equity Fd.	231.7	244.2	-8.4	—
Fixed Int. Fd.	116.0	122.2	-1.7	—
Property Fd	178.2	187.8	+0.9	—
Managed Pen. Fd	273.2	287.9	......	—
Equity Pension Fd	173.9	183.2	......	—
Fixed Int. Pen Fd	165.0	173.9	......	—
High Yield Pen. Fd	163.3	172.1	......	—
Money Pension Fd	134.2	141.3	......	—
Property Pension Fd	132.9	140.0	......	—
Gresham/Framlington				
American & Gen. Fd.	218.5	230.2	-1.8	—
Income Fd	209.5	220.8	-4.4	—
Int'l. Growth Fd	248.8	262.2	-3.2	—
Capital Fund	217.8	229.5	-4.0	—
Recovery Fund	152.1	160.3	-2.3	—
Japan & Gen Fd	94.6	99.7	......	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	153.7	—	......	—
Landbank Secs.	70.4	74.6	......	2.10
Landbank Secs. Acc.	190.9	195.8	......	—
G. & S. Super Fd	£11.547	—	......	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Guardian Assurance				
Property Bonds	316.4	329.5	+1.6	—
GRE Linked Assurance Ltd.				
Managed Initial	212.8	224.0	-2.7	—
Do. Accum	239.6	252.2	-3.0	—
Equity Initial	273.5	287.9	-4.0	—
Do. Accum	307.9	324.1	-4.5	—
Fixed Int. Initial	189.1	199.1	-0.3	—
Do. Accum.	212.9	224.1	-0.4	—
Intnl. Initial	202.1	212.8	-0.9	—
Do. Accum	227.5	239.5	-1.1	—
North American Initial	90.3	95.0	-0.8	—
Do. Accum	92.5	97.3	-0.8	—
Pacific Initial	103.3	108.7	-2.1	—
Do. Accum	104.8	110.3	-2.1	—
Index-Linked Gilt Init.	90.2	94.9	+0.2	—
Do Accum	92.4	97.2	+0.2	—
Property Initial	124.5	131.1	+1.3	—
Do Accum	140.2	147.6	+1.6	—
Deposit Initial	124.9	131.5	+0.1	—
Deposit Accum.	140.6	148.0	+0.1	—
GRE Pensions Management Ltd.				
Pens. Managed Initial	212.9	224.0	-3.0	—
Pens. Managed Acc.	234.2	246.5	-3.2	—
Pens. Equity Initial	284.0	298.9	-4.8	—
Pens. Equity Acc.	312.5	328.9	-5.2	—
Pens. Fxd. Int. Initial	199.0	209.5	-0.4	—
Pens. Fixed Int. Acc.	219.0	230.5	-0.4	—
Pens. Int'l Initial	201.3	212.0	-0.7	—
Pens. Int'l. Acc.	221.5	233.2	-0.8	—

Continued on adjacent Page

Hambro Life Assurance PLC
Allied Hambro Ctr, Swindon, SN1 1EL 0793 28291

Fixed Int. Dep. Acc.	191.8	201.9	+0.2	—
Equity Acc.	408.2	429.7	-12.8	—
Property Acc.	289.8	305.1	+0.1	—
Managed Cap.	232.6	244.9	-4.8	—
Managed Acc.	358.5	377.4	-7.4	—
O'seas Earnings Acc.	268.5	282.7	-10.0	—
Gilt Edged Acc.	210.4	221.5	-1.5	—
American Equity Acc.	226.9	238.9	-3.8	—
American Man Acc.	122.7	129.2	-1.9	—
American Prop Acc	109.7	115.5	-0.1	—
Pen.F.I.Dep.Cap.	208.5	219.5	......	—
Pen.F.I.Dep.Acc.	299.5	315.3	......	—

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.56	—	......	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	16.7	17.4	......	—
Chinese Fund	60.1	62.6	......	—
Precious Metal Fund.	137.8	143.3	......	—
Vanguard Cmdy. Fd.	29.0	29.8	+0.1	—
Financial Futures Fd.	55.3	57.5	......	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ◊ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Uranium mining growth urged on Australia

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE Australian Government has been urged to accelerate and expand development of uranium mining so that Australia could make a significant contribution to the stability and security of world energy supplies.

A report issued yesterday will strengthen the hand of Mr Bob Hawke, the Australian Prime Minister, who is staunchly pro-uranium and favours expansion of Australia's uranium industry.

It will not placate left-wing elements in Mr Hawke's Australian Labor Party, however, who are expected to protest at the party's national conference in Canberra next month.

Australia has the world's largest reserves of low-cost uranium but only two mines are producing — Ranger and Narbarlek, in the Northern Territory.

To date the Hawke Government has said current export contracts will be honoured and signalled approval for the A$1.7bn (£1.1bn) Olympic Dam copper-gold-uranium project in South Australia.

This is thought to harbour more than twice as much uranium, 1.2m tonnes, than any other known find in the world.

Development of all other Australian uranium finds is currently vetoed.

The report is by the Australian Science and Technology Council. It also urges that Australia develops a uranium - enrichment facility.

This option, however, is not seen as practical by Mr Hawke, given the depth of left-wing feeling.

He told parliament yesterday that full Australian involvement in the world's nuclear energy cycle would increase global energy security and lower the risk of nuclear materials being diverted from civil to military use.

Senator Don Chipp, leader of the Australian Democrats, who oppose uranium mining, said the report was myopic and flawed.

He said: "In fact, it is a disaster. We wait with trepidation for the day the Government advocates a heroin and cocaine industry in order to combat drug-trafficing."

Robusta contract changes advised

FOLLOWING STUDY of the performance of the London Robusta coffee contract over recent years the Coffee Terminal Market Association of London management committee has recommended changes to the existing contract.

Under the advice Antwerp would be introduced as an additional delivery port; Trinidadian and Indonesian coffees would become tenderable at the market price instead of at discounts as at present, and a new scale of type discounts would be introduced.

The committee said: "The changes are designed to ensure that the Robusta contract is regularly backed by sufficient tenderable coffees of a quality acceptable to the trade."

Introduction of the July 1985 position on the futures market has been delayed a month to allow time for the proposed changes to be considered by the market's members. The July 1985 position, due to open today, will begin dealing on July 2.

● MILK prices will rise by a penny from Sunday to a maximum 22p a pint. The rise was announced four months ago when Mr Michael Jopling, the Agriculture Minister, also announced that government control of liquid milk prices would end before the start of next year.

● WELSH FARMERS yesterday disrupted the Milk Race, Britain's longest cycling event, in protest at the imposition of milk production quotas.

● KENNECOTT union leaders have rejected the copper producer's request to reopen labour contracts negotiated last year.

● KING JUAN CARLOS of Spain will address the opening day of the World Conference on Fisheries Management and Development in Rome next month. t

Potato buyers face sky-high prices

BY DAVID RICHARDSON

IN MID-MAY the Potato Marketing Board estimated that stocks of old crop potatoes remaining in store totalled 200,000 tonnes. Some traders thought the figure a little too high to be realistic.

Estimated usage of potatoes at the same time was put at 45,000 tonnes per week. At best, therefore, UK stocks were seen to be adequate only for a bit more than four weeks.

Weekly quantities moving into consumption for both processing and domestic use in the May-early June period normally run at about 60,000 tonnes. Last year when there was a surplus and prices were low sales reached 72,000 tonnes a week.

This year's shortage and consequent high prices are clearly the chief factors dominating the market but alternative supplies of new crop potatoes are also less than might have been expected, making a difficult situation worse.

Up to the end of last week a total 201,000 tonnes of early potatoes had been imported from places like Egypt, Cyprus, Spain, Greece and Jersey. This is only slightly up on previous years and already some of those sources appear to be reducing shipments.

Last week, for instance, total imports of earlies were 15,000 tonnes only compared with almost 28,000 tonnes the week before. The Board expects a further 140,000 tonnes to come in from abroad over the next few weeks but this may be insufficient to satisfy usual demand.

Meanwhile, the cold spring has delayed ripening of the UK early crop by about 10 days. Most years, growers in Cornwall and South Wales, the fields of which face the warming Gulf Stream, would be well into lifting their crops by now. About 250 tonnes only, however, were offered for sale from those areas last week.

This week lifting began on a few light land farms in Suffolk. There growers had covered potatoes with perforated plastic sheeting, creating a greenhouse-like micro climate beneath the sheets.

This week UK early potatoes have been sold at prices which varied between £390 and £600 per tonne, according to locality and variety. Yields, however, have been as low as two tonnes an acre in places and few fields have done more than four tonnes an acre. The decision exactly when to lift is therefore critical.

So, everything points to an under-supplied potato market and sky-high prices for the next couple of weeks until the main bulk of the UK early crop is ready to lift.

The potato futures market has, of course, reflected the situation though the peak of £315 a tonne for end of May deliveries on May 21 was a bit exaggerated.

Nevertheless, average ex-farm prices for all grades of old crop recorded by the Board rose £27 a tonne last week to £224.31 a tonne. This week best ware samples of Maris Piper have made up to £300 a tonne delivered and some pink-skinned varieties rather more. Last year May prices seldom rose above £50 a tonne.

From now, however, most excitement seems likely to be centred on the new-crop grown this year. If growers sell carefully and avoid a glutted market, high prices could hold for several weeks. If they oversupply, the delicate balance will be upset and market prices could drop £100 a tonne in 48 hours.

Further forward, autumn prospects for main crop yields look good. While some other crops were suffering from the April and early-May drought, potatoes were being planted into ideal dry seed beds. First growth comes from the seed tuber so there is little need of further moisture for some weeks.

At this stage of the season it is impossible to be sure what area of crop has actually been planted. Suffice to say, however, that after a good year for profits growers usually plant at least up to their quota and perhaps above.

Potato Marketing Board officials are already confident the board's overall target of almost 400,000 acres has been planted.

In 1982 that same acreage produced a big surplus. Last year 407,500 acres produced a shortage. The difference was entirely accounted for by growing conditions and this year has started very well indeed.

THE MAY position on the London potato futures market, the last position covering the weather-depleted 1983 main crop, fell away sharply before expiring yesterday.

Short supplies pushed the May price about £40 above the past month but it fell back £27 yesterday to expire at £232 a tonne.

World coarse grain crop may rise by 100m tonnes

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD PRODUCTION of coarse grains could rise by about 100m tonnes this year and even exceed the 1982 record of 786m tonnes, according to a report by the International Wheat Council issued yesterday.

It said there was likely to be a dramatic rise in U.S. production following the sharp fall last year which helped cut world output to a lowly 687m tonnes.

Output this year is also forecast to rise in the European Economic Community, Canada and South Africa. However, it could fall in the Soviet Union because weather at sowing time and in early growing stages was extremely dry.

Because of last year's poor crop, carryover stocks for 1983-1984 have been cut to 81m tonnes against 153m tonnes in 1982-83. Prospects for the 1984 wheat crop remain mostly favourable, the report said.

The council is still forecasting that world production of wheat will exceed 500m tonnes for the first time, exceeding last year's record outturn of 496m. The outlook is described as very good in Western Europe and has improved in Eastern Europe.

In the Soviet Union the dry weather now poses a serious threat to winter wheat yields, though prospects for spring wheat are more encouraging.

Overall grain production prospects appear unfavourable in the Soviet Union for the sixth successive year, the report says.

Cotton A index price marked down sharply

THE COTTON A index price was marked down sharply yesterday—from 90.10 to 86.60 cents per pound—following introduction of new-crop supplies to the formula used for compiling the index.

Cotton Outlook, which issues the index daily, said there was an abnormal difference this year between the prices of old-crop supplies, which are now running out, and new crop

This followed the sharp fall in world cotton production last year, particularly in the U.S., and expectations of a big recovery in output this year.

The reduction in the cotton index also resulted in a sharp cut in Reuters Commodity Index, from 2,014.6 to 1,974.2 (1931=100). The Financial Times Commodity Index, which includes U.S. cotton prices, is not affected.

Pakistan sets higher production targets

BY MOHAMMED AFTAB IN ISLAMABAD

THE Pakistan Government has set higher production targets for various crops for 1984-85, the year starting on this July 1.

The Government is pinning most of its hopes on Nature, which it thinks will cause a turnaround. This is in spite of a disastrous performance in 1983-84 when the cotton crop fell 43 per cent to 2.96m bales against the 5.2m-bale target, and the actual production of 4.84m bales in 1982-83. The 1983-84 cotton crop was hit by pests and bad weather.

The Government estimates that the reduced crop cost $647m (£467m) losses. It includes loss of export of raw cotton, textiles, yarn, cotton-based products and cotton-related trading activity.

The cotton target for 1984-85 has been set at 5m bales in the hope the weather will stay good and pest control services will improve. Hardly any other government effort is now visible.

The rice production revised estimate in 1983-84 is 2.2 per cent down from the target and will provide 3.368m tonnes. The next year's target is 3.5m tonnes.

The revised estimate for wheat is 11.531m tonnes, down 7.1 per cent from the 13m-tonnes target. The target for 1984-85 is again set at 13m

Grain production this year is 529,000 tonnes. It will move 3.7 per cent higher to 550,000 tonnes in 1984-85.

Maize output in 1983-84 is 1.008m tonnes. It will rise 4.2 per cent to 1.050m tonnes next year.

Sugar-cane production will move 3.8 per cent, from a 34.5m-tonnes crop in 1983-84 to 35.84m tonnes.

Officials said in Islamabad that farm-sector growth as a whole was −4.6 per cent in 1983-84.

PRICE CHANGES

In tonnes unless stated otherwise	May 31 1984	+ or —	Month ago
Metals			
Aluminium	£1100		£1100
Free Mkt	$1380/1420		$1350/580
[illegible]			

	May 31 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1470w	+20	$1225
Groundnut	‡		‡
[illegible]			

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were generally easier on the London Metal Exchange, unsettled by another nervous and volatile day on the stock market which prompted speculative selling pressure. Copper dipped to [illegible]

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3468-70	—35	3460-70	—21
3 months	3550-5	—27	3543-5	—22

[illegible]

West 121.30. The UK monetary coefficient for the week beginning Monday June 4 is expected to change to 0.961.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent July 143, Aug 140.50, Sept 138.25 sellers trans shipment East Coast. English feed fob June 131.75 seller [illegible]

COTTON

LIVERPOOL — Spot and shipment sales amounted to 20 tonnes. Restricted operations involved few fresh dealings. Only occasional interest was displayed in Turkish and Russian styles.

[illegible]

AMERICAN MARKETS

NEW YORK, May 31

The resurfacing of concerns over the solvency of some U.S. banks encouraged buying in precious metals, reports Heinold Commodities. Copper attracted trade support at early lows and recovered to show marginal losses on the day. Aluminium closed slightly [illegible] pressure on the prospect of rain in the Texas high plains Heating Oil rallied following a constructive American Petroleum Institute report of lower distillate stocks and further disturbing and inflammatory comments from the Gulf states. Grains and Soyabeans came under heavy professional pressure and commission house liquidation, the [illegible]

[illegible]

Garlic sold to France

AN ENGLISH farmer has won a top agricultural marketing award for growing garlic which has been sold to the French.

Mr Colin Boswell started experimenting with garlic eight years ago on his Sandown, Isle of Wight, farm. Three years later he produced his first marketable crop, of five tonnes, and is now the largest garlic-grower in the UK. Production last year topped 120 tonnes from 35 acres. This year he planted an extra 15 acres.

He said: "Once we were confident there was a market for home-grown garlic we concentrated on a product that could stand competition with the best imported produce."

Mr Boswell, of Mersley Farm, decided to grow garlic because of the sudden surge of interest shown in it by women's magazines and cookbooks. He travelled to Europe, the U.S. and South America to study growing techniques.

His garlic is sold in shops across Britain and has been sold in the Marks & Spencer supermarket in Paris.

His enterprise won him the marketing award presented by the National Farmers Union and the MFU Mutual Insurance Society. Garlic will not be less costly in shops, however, because it is a labour-intensive crop. Bulbs have to be hand-picked to avoid damage. This, he said, provided jobs for up to 100 at harvest-time.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar drifts in quiet trade

The dollar fell slightly in very quiet foreign exchange trading, with many Continental centres closed for Ascension Day. The threat to world oil supplies caused by the attacks on shipping in the Gulf lent some support to the U.S. currency, but in the absence of any new factors the dollar tended to drift slightly. This was generally a reflection of fears about the debt position of third world countries following Bolivia's temporary suspension of its foreign debt payments and continuing disappointment at another record U.S. trade deficit in April. On the other hand Federal funds remained firm in New York, and the Federal Reserve added liquidity to the banking system when overnight rate was 10½ per cent.

The dollar eased to DM 2.7320 from DM 2.7340 against the D-mark; FFr 8.3875 from FFr 8.3975 against the French franc; and SwFr 2.26 from SwFr 2.2615 in terms of the Swiss franc, but improved to Y231.55 from Y231.40 against the yen. On Bank of England figures the dollar's index was unchanged at 131.0.

STERLING — Trading range against the dollar in 1984 is 1.4949 to 1.3805. April average 1.4226. Trade-weighted index 79.6, unchanged from noon and the opening, compared with 79.5 on Wednesday, and 83.1 six months ago.

Sterling traded quietly, improving slightly against the dollar after a weak start, but closing lower against Continental currencies. The pound showed little reaction to reports of renewed talks aimed at settling the coal strike or to another attack by Iraq on a tanker in the Gulf. Speculation about a further rise in London bank base rates in the very near future has also had minimal impact so far. Sterling opened at $1.3835-1.3845, and after trading in a narrow range of $1.3825-1.3900 closed at $1.3850-1.3880, a rise of 5 points on the day. The pound also improved to Y321 from Y320.75, but fell to DM 3.7875 from DM 3.79; FFr 11.62 from FFr 11.6275; and SwFr 3.1325 from SwFr 3.1350.

ITALIAN LIRA — Trading range against the dollar in 1984 is 1,720.75 to 1,591.00. April average 1,635.0. Trade-weighted index 48.3 against 49.3 six months ago.

The lira was firm against most major currencies at the Milan fixing, one of the few to take place in Europe yesterday. The Bank of Italy bought dollars and D-marks as both currencies lost ground slightly to the lira. The central bank purchased $7.95m of the $18m traded officially as the dollar declined to L1,689.60 from L1,689.75, and DM 37m of the DM 44.5m as the D-mark fell to L617.55 from L618.25. The guilder weakened to L548.25 from L548.85, and the French franc to L201.24 from L201.30. Outside the EMS sterling improved to L2,340 from L2336.90, but the Swiss franc fell to L746.05 from L748.60 and the Japanese yen to L7.293 from L7.305.

JAPANESE YEN — Trading range against the dollar in 1984 is 234.80 to 223.10. April average 225.13. Trade-weighted index 158.0 against 155.5 six months ago.

The yen improved against the dollar in quiet Tokyo trading, with the U.S. currency falling to Y231.63 from Y231.88. It opened at the day's low of Y231.25, and touched a peak of Y231.65. The end of the month made trading slow, while many dealers were in Belgrade for a foreign exchange conference. The gradual improvement of the U.S. currency during the day, reflecting a firming of U.S. interest rates, but was limited because of concern about the Bolivian decision to suspend foreign debt payments and by the fourth consecutive record monthly U.S. trade deficit in April. Japanese commercial demand for dollars is expected to keep the currency firm at the start of the new month. The D-mark was firm, rising to Y84.64 from Y84.45.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.5804	+1.51	+1.45	±1.5447
Danish Krone ...	8.14104	8.21569	+0.92	+0.86	±1.6425
German D-Mark	2.24184	2.23562	−0.28	−0.34	±1.0642
French Franc ...	6.87456	6.85835	−0.24	−0.30	±1.4052
Dutch Guilder ...	2.52595	2.52019	−0.23	−0.29	±1.4964
Irish Punt ...	0.72569	0.72914	+0.49	+0.43	±1.6689
Italian Lira ...	1403.49	1393.13	−0.74	−0.74	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	May 31	Prev. close
Spot	[illegible]	[illegible]-5856
1 month	[illegible]	[illegible] dis
3 months	[illegible]	[illegible] dis
12 months	[illegible]	[illegible] dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

[illegible]

THE DOLLAR SPOT AND FORWARD

[illegible]

OTHER CURRENCIES

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 10⅝-10¾ per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; one year 13½-13⅝ per cent. Long-term Eurodollars two years 14-14⅛ per cent; three years 14⅛-14⅜ per cent; four years 14⅛-14⅜ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

FINANCIAL FUTURES

Prices mixed

Eurodollars and gilts were firm on the London International Financial Futures Exchange yesterday, but short-term sterling deposits and the stock index weakened on expectations of another increase in London bank base rates, and further sharp falls at one time in equities.

September Eurodollars opened at 86.70, the low of the day but gained ground on news of a larger than expected fall in April U.S. factory orders, and a rise of 0.5 per cent in U.S. leading indicators against an anticipated figure of about 0.8 per cent. Sentiment was also helped by an early technical rally in the U.S. bond market after the previous night's weakness, and by a better than feared result to the U.S. Treasury five-year note auction. These factors pushed the September contract to a closing level of 86.87, close to the day's peak of 86.88, and compared with the previous finish of 86.78.

Gilt futures were supported by a strong cash market and by the strong opening to the U.S. bond market. September delivery long term gilts opened at 100-23 and after touching a low of 100-21 closed at 101-20, compared with a high point of 101-22, and the previous settlement of 100-15.

Three-month sterling deposits staged a late rally, encouraged by the firmer Eurodollar contract and the steady performance of sterling on the foreign exchanges. The September contract opened weak at 89.20, and fell to 89.10 as interest rates rose sharply on the London money market, before closing at 89.16 against 89.25 on Wednesday.

The stock index fell as equities suffered further losses in the cash market. At one time the Financial Times industrial ordinary index was down 17.1 but recovered to close only 6.5 lower, and this led to a partial recovery in late trading on Liffe.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	88.35	88.35	88.27	88.31
Sept	86.87	86.88	86.70	86.78
Dec	86.13	86.13	85.92	86.07
March	85.71	85.71	85.49	85.65
June	85.38	—	—	85.40

Volume 4,850 (5,510)
Previous day's open int 15,810 (15,916)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

[illegible]

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	101.75	104.25	100.65	102.35
Sept	101.10	102.80	100.40	101.60
Dec	102.10	103.35	102.10	102.60

Volume 1,445 (966)
Previous day's open int 1,318 (1,148)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	60-12	60-19	60-02	59-31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MONEY MARKETS

Sharp rise in London rates

Interest rates rose sharply on the London money market yesterday and speculation increased that the clearing banks will soon increase their base lending rates.

For the third time this week day-to-day credit conditions were very comfortable, reducing the immediate pressure for higher interest rates, but market sentiment was pointing strongly towards a rise in base rates within the next few days. The abundance of overnight funds has also kept the rate for seven-day money down. It was quoted at a high point of only 7¾ per cent on Wednesday, but was offered yesterday at 8 per cent despite a considerable surplus of day-to-day liquidity. This reflected a growing feeling that money at such a level was cheap, and that changing credit conditions and higher base rates would push the seven-day rate up sharply within the next week.

UK clearing banks' base lending rate 9-9½ per cent (since May 10 and 11)

If base rates are not increased in the meantime the next major event as far as the market is concerned will be publication of the mid-May money supply and bank lending figures next Tuesday, but before that a guide to sentiment will be revealed by the level of bids at today's Treasury bill tender.

The money supply figures are not expected to be good, and are now awaited with particular nervousness following the Chancellor of the Exchequer's recent speech to the Confederation of British Industry suggesting strong growth in coming months.

The important three-month interbank rate moved up to 9⅞ per cent from 9⅝ per cent yesterday, and discount houses buying rates for three-month bank bills to 9 11/16 per cent from 9 7/16 per cent.

A surplus of £400m in the money market was initially forecast by the Bank of England, but this was revised to £350m at noon, and to £300m in the afternoon.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £155m, but this was outweighed by Exchequer transactions adding £520m to liquidity, and bank balances above target of £40m.

MONEY RATES

May 31	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.6	12⅛	1-2	5⅝-5⅞	6.03125	16¼-16⅞	7.95	11¼-11½
One month	5.85-5.80	12 1/16-12 3/16	2 11/16-3 1/16	5⅞-5 15/16	6.28125	16⅜-16¾	11⅝-11⅞	12-12¼
Two months	5.85-6.00	12⅛-12¼	—	—	—	—	—	12¼-12½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. May 31) 3 months U.S. dollars

[illegible]

MONEY RATES NEW YORK (Lunchtime)

[illegible]

Forward Trust DEPOSIT RATES

Depositors are advised that with effect from June 1st 1984 the following rates will apply to deposit accounts with Forward Trust Limited.

Notice of withdrawals:	7 days*	1 month	3 months	6 months	12 months
Deposits of £1–£50,000	8.25%	8.50%	8.75%	9.50%	9.75%

*Applies to existing deposits only. New deposits at 7 day notice are not accepted.

FORWARD TRUST GROUP
A member of Midland Bank Group

For further information apply to: Forward Trust Limited, Deposit Department, 12 Calthorpe Road, Birmingham B15 1QZ. Telephone: 021-454 6141.

Legal Notices

No. 002409 of 1984
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
Re: YORKSHIRE TELEVISION HOLDINGS plc
AND Re: THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 21st day of May 1984 confirming the reduction of the capital of the above-named Company from £13,230,000 to £8,694,000 and the Minute approved by the Court showing with respect to the capital as altered the several Particulars required by the above-named Act were registered by the Registrar of Companies on the 24th day of May 1984.
Dated the 25th day of May 1984.
LINKLATERS & PAINES,
Solicitors to the Company.

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INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

[illegible]

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

[illegible]

INTERNATIONAL CAPITAL MARKETS

Spain in $500m Eurocredit

By Peter Montagnon in London

SPAIN IS raising $500m in the Euromarkets through a 10-year revolving underwiriting facility launched yesterday through Merrill Lynch.

Part of the proceeds is to be used to prepay existing borrowings. Spain has achieved much finer terms on this deal than those to which it has been accustomed in the Eurocredit market.

The facility will bear underwriting fees starting at ⅛ per cent for the first three years, rising to 0.15 per cent for the next four and then to 0.175 per cent for the final three. The actual cash will be provided through the continuous sale of short-term paper at a yield of 0.13 per cent over London Eurodollar rates.

Direct comparison with pricing conditions in the Eurocredit market is very difficult because of the different structure of this operation, but it will clearly be much cheaper than Spain's last major Eurocredit. Signed last July, that deal was for $750m over eight years, bearing interest at ⅝ per cent over Eurodollars or ½ point above U.S. prime.

This will be Spain's second major borrowing this year. In January it launched a $250m floating rate note with a margin of ⅛ points.

Merrill Lynch, which pioneered the revolving underwriting facility concept, is to be the sole lead manager and placing agent for the short-term paper. Its deal for Spain confirms yet again the growing trend in international banking markets to finely priced but marketable debt transactions.

Zero coupon bond for Australian bank

BY OUR FINANCIAL STAFF

BA AUSTRALIA, the merchant bank, has announced plans to launch the first-ever issue of zero coupon Australian Government bonds on June 8.

The bank plans to offer A$27.6m (U.S.$24.5m) worth of bonds through its subsidiary BAmerical Investments. The bonds will be known as Discounted Investment in Negotiable Government Obligations (Dingos), and will provide the same security as Commonwealth of Australia Treasury bonds with substantial discounts and tax planning advantages.

Mr Paul Espie, managing director of BA Australia, said the bonds are expected to appeal to institutions, public and private companies and individual investors. He said that since the first zero coupon securities were launched by Merrill Lynch in August 1982, more then U.S.$27bn in similar securities had been sold in the U.S.

The Dingos are created by separating the interest coupons from the bond certificates and selling both individually at a substantial discount.

BA Australia is 64 per cent owned by Bank of America, 26 per cent by Kleinwert Benson and 10 per cent by Dai-Ichi Kangyo Bank of Japan.

Eurodollar bonds becalmed

BY MARY ANN SIEGHART IN LONDON

A SHARP recovery in the New York bond market yesterday afternoon did little to help the Eurodollar market, which found itself more or less becalmed with Continental investors and traders on holiday.

The Bank of Scotland's $50m deal, launched late on Wednesday, slipped during its first day's trading to a discount of over 2 points, well outside its total fees.

Swedish Export Credit has given up its place in this month's Samurai queue because of deteriorating market conditions. It was supposed to launch an issue this week or next,

WEEKLY U.S. BOND YIELDS (%)

	May 30	May 23	1984 High	1984 Low
Composite Corp. AA	14.23	13.96	14.23	12.19
Government:				
Long-term	13.89	13.40	13.89	11.51
Intermediate	13.79	13.27	13.79	11.38
Short-term	12.22	12.71	13.22	10.70
Municipal	n. a.	10.80	10.80	9.48
Industrials AAA	13.66	13.38	13.66	11.79
Industrials AA	14.01	13.74	14.01	12.02
Utilities AA	14.45	14.15	14.45	12.33
Preferred Stocks	11.97	11.77	11.97	11.07

Source: Standard & Poor's

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 31.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	89	89½	−0¼	−1½	13.78
American Savngs 12 89	125	95½	96	0	−0⅝	13.22
American Sav 12¼ 89	100	97¾	98¼	+0¼	−0⅛	12.81
Australia Comm 11¼ 90	100	96	96½	−0⅛	−0⅝	12.89
Australia Comm 11½ 95	300	87⅞	88⅛	−0⅛	−1⅛	13.62
Australian Ind Dev 11 89	75	90⅝	91⅛	0	−1	13.73
Bank Of Tokyo 11⅞ 90	100	90⅛	90⅝	0	−0⅝	14.18
Beneficial O/S Fin 12 91	100	89⅝	89⅞	−0⅛	−0⅞	14.75
Citicorp O/S 11¾ 89	100	93⅜	93⅞	−0⅛	−1⅛	12.71
Creditanstalt 13⅛ 91	100	97½	98	0	0	13.64
D.N.C. 11⅜ 91 WW	50	89½	90⅛	+0⅛	−0⅝	14.09
D.N.C. 11⅜ 91 XW	50	88⅛	88⅝	−0⅛	−0⅛	14.28
Denmark Kingdom 12 91	100	89¼	89¾	0	−0⅞	14.50
Denmark Kingdom 12¼ 93	100	89⅝	90⅛	−0⅛	−1	14.19
Digital Equip 11¾ 89	150	93⅛	93⅝	−0⅛	−1	13.69
Dutch Mines 11⅞ 91	150	86⅞	88⅜	−0⅛	−3½	14.58
E.D.C. 11⅛ 89	150	90⅝	91⅛	−0⅛	−0⅞	13.81
E.E.C. 12 93	50	91¾	92¼	+0¼	−0½	13.50
E.I.B. 11½ 89	200	89¼	89¾	+0⅛	−0⅝	14.81
E.I.B. 12½ 90	100	94⅝	95⅛	+0⅛	−0½	13.81
E.I.B. 12⅞ 94	100	94⅝	95⅛	0	−1	13.82
Eurofima 12½ 91	100	93⅛	93⅝	0	−0⅝	13.98
Gen Elec Credit 11 91 WW	200	91⅝	92⅛	−0⅛	−0⅛	12.85
Gulf & Western 12⅛ 89	100	92¾	93¼	−0⅛	−1⅛	14.28
I.I.I. 12 89	100	92¼	92¾	0	−0½	14.22
Indust Bk Japan 11½ 89	125	90⅝	91⅛	+0¼	−0⅝	14.23
Indust Bk Japan 11⅞ 91	100	89⅛	89⅝	0	−1⅛	14.24
Int Paper O/S Fin 12 91	75	94⅛	94⅝	−0⅛	−1	13.28
ITT Finance 11½ 89 WW	125	95⅛	95⅝	−0⅛	−1⅛	12.67
L.T.C.B. 11⅞ 89	100	90⅞	91⅜	+0⅛	−1⅛	14.52
Macy O/S 11¾ 91	100	90⅞	91⅜	−0⅛	−0⅝	13.84
Mitsui Trust Fin 12 91	100	89	89½	−0⅛	−1⅛	14.58
Montreal, City 12½ 91	70	94½	95	0	−0½	13.71
Morgan Guaranty 12¼ 89	150	93¾	94¼	0	−0¾	14.08
Nat Gasunie 11⅛ 91	75	87	87½	−0⅛	−2⅛	14.28

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 36